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Underworld in Moscow: Gangsters Kill in Streets And Twist the Economy

By Celestine Bohlen New York Times Service MOSCOW — At 2 o'clock on the afternoon of July 19, seven men with machine guns burst into an automobile showroom on Leningrad Prospekt and opened fire. Security guards shot back and four people died. Two weeks later, in another mid-afternoon attack, gunmen leaped from a BMW in the center of the city and shot up a building, killing four people before someone rolled a grenade under their getaway car. Last week, in another afternoon attack, three people were killed by machine-gun fire in an office. Moscow's gangsters, a brazen lot to begin with, have put their brutality on display this summer with a series of gangland-style hits right out of "The Untouchables." Nothing seems to faze them — not broad daylight, not public outrage, not even broad daylight. Innocent bystanders are given no consideration. Last month, a bomb lodged in a garbage chute on the fourth floor of an apartment building exploded with such force that it severely wounded a woman at the trash chute on the 11th floor. On the evening of July 20, three gunmen coolly carried out a hit against the assistant manager of a cafe on Malaya Bronnaya Street, after which they stopped at a sidewalk kiosk where, the police said, they had earlier been treated rudely. They killed the saleswoman and a bystander. Crime has risen dramatically in Russia in the last two years as the controls of the totalitarian state have fallen away and before the certainties of a law-abiding society have emerged to take their place. Apartment break-ins, car thefts and muggings have become commonplace, to the shock and fright of a citizenry used to a calmer, more predictable life. But in recent months the crime wave has taken on a new dimension: It is not only more violent but it is also more professional and more pervasive, reaching deep into the heart of the government and leading banks. It has also begun to blight development of private businesses because entrepreneurs are being frightened away. The number of killings in Moscow has gone up sharply. There were 704 in the first seven months of this year, up from 462 in the same period last year. Moscow is still behind U.S. levels of murder and violence. See MOSCOW, Page 5

New York last year, a city roughly comparable in size to Moscow. But the crime rate is far higher than in many other European cities. "Moscow is being beaten from every side," said Vasili Kuptsov, deputy head of Moscow's police investigation department. "Moscow is like a boy who bows when he is being beaten. It is time to show our teeth." Many Russian and Western business executives say the violence is only part of the picture, and not necessarily the most frightening part. They say crime and business have become interwoven in Russia to an alarming degree, starting with racketeering on the street level and ending with vast bribe-taking on the official level. According to one recent official estimate, organized crime has managed to siphon off about \$500 million from the economy through embezzlement, smuggling and bank fraud, including one last spring that reached into the top echelons of the central bank. "The Moscow underworld is becoming more and more professional, and is merging, sometimes by legitimate means, with highly placed state and especially commercial spheres," said Yuri Shchekochikhin, a journalist for the weekly Literaturnaya Gazeta who has written extensively on crime. Some of Moscow's best-known business executives, not long ago hailed as the standard-bearers of "a new era," are now fugitives, sought by the Russian police and prosecutors for defrauding the state or their partners, or both. Stories of extortion are legion. An officer at a new club for young business and political leaders was approached with a proposal for a "mutually beneficial arrangement" by a gang that warned its members knew not only who was in the club but also how much money they had in their bank accounts. According to several recent press reports, extortionists are pressing now for a share in some businesses rather than just cash payoffs. "The story about the mafia is not just about crime, it's about economics," a Western diplomat said recently. "There are a lot of people today who are just plain scared to go into business." "Mafia" is the word most Russians would use to attribute the wave of killings, and the police do not disagree, except to note that there is no single organization but rather dozens, even hundreds, of competing gangs. See MOSCOW, Page 5



SWEEP FOR CHINA — Yunxia Qu (137) on her way to the finish line and the gold medal in the women's 3,000-meter race at the World Athletics Championships in Stuttgart, ahead of Lili Zhang (144), who was second, and Liang Zhang, in third place. Page 15.

AT&T to Pay \$12.6 Billion To Acquire Cellular Firm Offer for McCaw Joins Telephone Giant With Leader in Growth Area

By Lawrence Malkin International Herald Tribune NEW YORK — In a \$12.6 billion deal emphasizing the speed and extent of the world telecommunications revolution, America's largest telephone company announced Monday that it was taking over McCaw Cellular Communications Inc., the nation's biggest and most aggressive wireless network. The merger of American Telephone & Telegraph and McCaw puts AT&T into the fastest growing segment of the industry and, analysts said, provides capital for cellular operations that its smaller new partner had found difficult to raise quickly enough. The merger, which would be among the half-dozen largest in corporate history, must be approved by federal regulators. At its planned completion next year, it is to be accomplished by a 1-for-1 swap of stock between the two companies. On Wall Street, AT&T's stock fell more than \$1, reflecting questions about whether it would be able to recoup the merger's price in growth. McCaw's stock rose more than \$4, representing something of a rescue for stockholders in a company that has seen sales increase more than 10-fold in six years but has posted losses in five of those years. Last year, McCaw's revenue totaled \$1.92 billion. AT&T's was \$64.9 billion. The deal also provides unexpected capital for British Telecommunications, which took a 17 percent stake in McCaw to gain access to the American cellular market. BT would end up with a 2 percent stake in AT&T, valued at \$2.2 billion at the current stock price. A spokesman in London said it planned to get rid of the shares over time. Unlike most other mergers, takeovers and restructurings in recent years, this one is not to result in job losses at either company, the AT&T chairman, Robert E. Allen, said at a news conference. He predicted it would lead to expansion of the merged company as AT&T exploits and markets wireless technology. Craig O. McCaw, a 43-year-old communications visionary who took over his family's cable-TV company as soon as he graduated from college in 1973 and who went into paging and mobile telephones a year later, negotiated a strategic alliance with AT&T in November 1992. The full merger was agreed upon Saturday evening at a meeting with Mr. Allen, who had just returned from China. At the news conference, Mr. McCaw never quite explained why a full merger had been considered necessary. He insisted that it was not for lack of financing to continue his company's expansion in the more than 100 cities it serves in the United States and Canada. It was, he said, "to make dreams happen." Mr. Allen, a lifetime corporate veteran of the See DEAL, Page 11

U.S. Judge Upholds Sheikh's Deportation

Compiled by Our Staff From Dispatches WHITE PLAINS, New York — A judge Monday upheld a deportation order against an Egyptian cleric, Sheikh Omar Abdel Rahman, turning down his request for political asylum in the United States. The sheikh, some of whose followers have been charged in the February bombing of the World Trade Center in New York and in alleged bomb plots against the United Nations and other New York landmarks, had gone to court to appeal a deportation order by the Immigration and Naturalization Service. "The sheikh, who calls for the overthrow of the Egyptian government from his exile in Jersey City, New Jersey, was ordered deported in July for lying on his immigration papers. Judge Charles L. Bryant of U.S. District Court ruled that "there is no basis for disturbing" findings by an immigration judge and the Board of Immigration Appeals that the 55-year-old blind cleric can be deported. He delayed deportation for 10 days to allow time for an appeal. The ruling came on a day that policemen in Düsseldorf overpowered the Egyptian hijacker of a KLM Royal Dutch airliner who had demanded the sheikh's freedom. In New York, the sheikh's lawyer, Michael Warren, said the sheikh knew nothing about the hijacking and did not sanction it. Sheikh Abdel Rahman has not been charged with any wrongdoing in either the trade center bombing or the other alleged plot. He has denounced the bombing and has denied any connection to the case. He surrendered to federal authorities last month after the Justice Department revoked his permanent resident status on the ground that he posed a "danger to the community." Mr. Warren said there was no legal basis for deportation. "This is yet another indication of how the political process and thereby pollutes that process," he said. In Düsseldorf, the police painted a picture Monday of an ill-prepared and disorganized crime. Commandos from Germany's elite GSG-9 unit stormed the Boeing 737 Monday at 2 A.M. The two crew members still on the plane, having reported that the hijacker had gone to the toilet, were climbing out of the cockpit on an escape rope. The commandos overpowered the hijacker without a shot being fired. The man had threatened to blow up the aircraft, but he turned out to be unarmed. He had previously released 131 passengers and five crew members. The arrest ended a 10½-hour drama during which the hijacker had set a Monday morning deadline for the United States to free Sheikh Abdel Rahman. The police said his passport identified him as Khalid Abdelmoumen Gharib, 40, Egyptian security sources said he was a building contractor and factory owner from Cairo. They said he had no criminal record apart from bouncing a few checks and was married with several children. The man had boarded the flight in Tunis. Half an hour before the scheduled landing in Amsterdam, he entered the cockpit and gave the captain a handwritten note in English, demanding that the plane be flown to New York. But he did not realize the medium-haul Boeing 737 could not fly nonstop across the Atlantic. He then asked to go to Stockholm but later opted for Düsseldorf. "The behavior of the hijacker was certainly more than eccentric," said Ulf Steinke, leader of the operation that ended the hijacking. "It doesn't seem to have been something that he decided on when he was already on the plane, but it also doesn't seem to have been very thoroughly planned." (Reuters, AP)

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Tentative Sarajevo Accord

Compiled by Our Staff From Dispatches GENEVA — Leaders of Bosnia's warring factions agreed in principle Monday that Sarajevo should be placed under temporary United Nations administration and demilitarized after a final political settlement is reached to end their 16-month war, a UN spokesman said. The agreement, seen as a major breakthrough for the international mediators, Lord Owen and Thorvald Stoltenberg, came just hours after Bosnia's Serbian, Croatian and Muslim leaders sat down face-to-face for the first time in two weeks. Under the agreement, to be completed by a mixed three-strong committee, Sarajevo would become virtually an open city outside any of the three ethnic minorities being negotiated in Geneva. John Mills, a spokesman for the peace conference on former Yugoslavia, said the three parties had set up a committee of Muslim, Serbian and Croatian representatives to make recommendations about the future status of Sarajevo. See BOSNIA, Page 6

The agreement would cover a large area around the capital, including strategic hills and suburbs from which Serbs have shelled the city for months. If the envisaged agreement is carried through, it would lift the siege of Sarajevo. The only part not covered is Pale, the Bosnian Serb headquarters outside the city, which would be part of the planned future Serbian republic. "We are not talking about a final agreement here," Mr. Mills cautioned. "The devil is in the detail. The details are what will be worked out by the committee. We are talking about an agreement in principle." Mr. Mills said President Alija Izetbegovic of Bosnia would talk again Tuesday with Radovan Karadzic, the leader of the rebel Serbs, and the Bosnian-Croat leader, Miro Boban, on the borders of three ethnically based republics envisaged in the Bosnian peace package. The negotiations would include the fate of the Muslim-populated enclaves in eastern Bosnia. See BOSNIA, Page 6

2 in Opposition Disqualified in Singapore Race

Compiled by Our Staff From Dispatches SINGAPORE — A government commission on Monday disqualified the only opposition figures who had applied to run in Singapore's first direct election for president. The Presidential Election Committee, which must approve all prospective candidates for the Aug. 28 election, said it had rejected applications from Joshua B. Jeyaretnam, a leading opposition politician, and Tan Soo Phuan, a fellow member of the Workers Party. The committee said the two were unfit "in regard to integrity, good character and reputation," and failed to meet other requirements related to experience and ability. The ruling came as no surprise to Mr. Jeyaretnam, who said last week, "I don't think they will take the risk of letting me run." Mr. Jeyaretnam, 46, is a former District Court judge and registrar of the Supreme Court. He was secretary-general of the Workers Party and in 1981 became the first member of an opposition party to win election to Parliament, ending an absolute monopoly of the Peoples' Action Party. While the election committee turned down Mr. Jeyaretnam and Mr. Tan, it approved the candidacies of Ong Teng Cheong, who resigned as deputy prime minister to run for president, and Chua Kim Yeow, a former government official. Specifications for the presidential candidates are such that only senior members of the establishment qualify. Mr. Ong, 57, who was secretary-general of the pro-government National Trades Union Congress, is widely expected to win the election with the support of the Peoples' Action Party, which has been in power since independence in 1965. He faces only token competition from Mr. Chua, a retired civil servant and banker, who said he was urged to run just for the sake of having a contest. Mr. Chua served for 18 years as accountant-general, and later became president of Development Bank of Singapore. The term of the current president, Wee Kim Wee, expires Sept. 1. Mr. Wee, 77, a former diplomat and journalist, was appointed by Parliament in 1965 to perform mostly ceremonial duties, as the office was then defined. Under a constitutional change approved in 1991, the next elected president will have wide powers, including the authority to oversee budgets, financial assets, senior government appointments, security and religious affairs. (Reuters, AP)



TAIPEI TROUBLES — A dissident shouting protests against Taiwan's president, Lee Teng-hui, during a rightist demonstration Monday outside the 14th national congress of the Kuomintang, Taiwan's ruling party. A companion waved off the security police.

India's Dying Livelihood Machines Threaten Launderer Caste

By Edward A. Gargan New York Times Service NEW DELHI — When Mark Twain stumbled into India late last century, he looked around a bit and concluded, in his memoir, "Following the Equator," that Indians were people who break rocks with their clothes. Today, from India's southern tip to the foothills of the Himalayas, there are still men and women virtually everywhere who beat clothing against rocks, driving dirt from saris and kurta pajamas by brute force. They are India's dhobis, its washermen and women, untaught castes who have been despised and shunned by other Indians, but whose services have been central to life as those of its farmers, politicians, and priests. But modernity is intruding on tradition, and for the first time, India's dhobis see their livelihood, and their very existence, threatened. The villain creeping relentlessly into middle-class homes is the automatic washing machine. "It's affecting our business," said Shahid Ahmed, fingering his dirty, torn T-shirt. "Some of the work we do in three or six days, that machine does in one hour. Because of that, we are not getting the good clothes to wash." At sunrise, thousands upon thousands of dhobis gather along the mud flats of the Ya See DHOBIS, Page 2

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Kiosk Dollar Drops as Hopes for Rate Rise Evaporate

The dollar closed sharply lower on Monday, after dealers traded the U.S. currency for higher-yielding European currencies and the yen continued its rise. In New York, the dollar fell to 1.6869 Deutsche marks from 1.7123 late Friday, and it slumped to 101.575 yen from 101.900. Expectations that the Federal Reserve Board might raise interest rates seemed to have evaporated, analysts said. They pointed out that the U.S. economy showed little strength and no signs of inflation. Some traders speculated that the Federal Reserve's policy-making arm might lower interest rates on Tuesday to bolster the economy. (Page 9)

Table with financial data: Dow Jones (Up 9.50 to 3,579.15), Tib Index (Up 1.01% to 107.53), The Dollar (New York 1.6869, High Close 1.7123, Low 1.6869, Previous Close 1.7123), DM (1.4895, 1.4885), Yen (101.575, 101.900), FF (5.9605, 6.0588)

Antebellum Bonds — Worth a Gamble?

By Erik Ipsen International Herald Tribune LONDON — After more than a century and a half of pleading, petitioning, suing and waiting, the latest generation of bondholders involved in what appears to be the world's longest-running sovereign debt crisis may be on the brink of victory. And then again, maybe they stand nowhere near it. Last month, a group of British owners of the bonds of two long-defunct banks in Mississippi filed suit in the state capital, Jackson. They are seeking \$13.8 million, including 152 years' simple interest, for the hundreds of tattered state-backed bonds with a face value of \$1.5 million that they hold. "I've always been fascinated with the fact that Mississippi, part of the greatest capitalist nation in the world, was in default," said David Barry, a businessman from Guernsey who founded the European Association of Mississippi Bondholders two years ago. If Mr. Barry and his group of 14 bondholders ultimately fail, they will be in August company. William Wordsworth, Ulysses S. Grant and the government of Monaco are among the many who over the decades have tried and failed to wrest what they have insisted is their due from the coffers of Mississippi. Their goal is payment on some of the \$7 million of bonds issued by the Mississippi Planters' Bank and the Mississippi Union Bank in the 1830s and sold largely to investors in the United Kingdom, then the world's reigning power. And what gives them hope is an infusion of riverboat-gambling proceeds into Mississippi's treasury. Paul Seabrook, a 53-year-old London stock-

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Murder Case Puts Heat on Nigeria's Pop Star-Dissident

By Kenneth B. Noble
New York Times Service

LAGOS — About the only facts on which all sides in the case agree is that the body of a man was found here in January, not far from the house of Fela Anikulapo-Kuti, Nigeria's most popular musician and an outspoken critic of the military government.

Fela, as the 54-year-old singer and saxophonist is known, has been arrested, charged with murder and released on bond. He denies any involvement in the killing, and he calls the charges ludicrous and politically motivated.

"These people aren't serious," he said. "It's just another one of their plays to trap me."

"They make things up," Fela said at his home in his usual interview attire — bikini underwear. "They'll try anything to get you."

The question of his guilt or innocence is not likely to be resolved soon.

His lawyer, Femi Falana, was arrested

last month and charged with sedition, an offense that carries the death penalty. So too, has Beko Ransome-Kuti, Fela's younger brother, a doctor and former chairman of the local medical society who is among the musician's closest advisers.

About the same time, Gani Fawehinmi, another lawyer and a prominent civil rights advocate who has often advised Fela, was also arrested for sedition and held without bail. Even Fela's wife, Fehintola, was arrested last week in a roundup of dissidents, although she was released the next day.

What members of Fela's large extended family — which includes relatives by blood and marriage and an assortment of lawyers, accountants, musicians and politicians — have in common is their vocal opposition to the military government.

Many of them are leaders in the Campaign for Democracy, a coalition of about 40 trade unions and civil rights groups that has emerged as the leading opposition to the rule of General Ibrahim Babangida.

It was the Campaign for Democracy that

brought Nigeria's largest cities to a standstill with three days of civil disobedience, ending Saturday, to protest the government's decision to annul presidential elections held in June.

The soldiers who have governed black Africa's most populous country for 24 of the 33 years since it gained independence from Britain have made no secret of their distaste for Fela or his colleagues.

Fela's former communal compound, called the talakuta, was raided a number of times, most notably in 1977, when soldiers destroyed the building and threw his 77-year-old mother out of a second-story window. Femi Ransome-Kuti, a prominent campaigner for women's rights, died of her injuries the next year.

Fela, who has been imprisoned many times, was arrested in 1984 at the Lagos airport on his way to the United States for a concert tour. Convicted of exporting foreign currency — £1,500 — he was sentenced to five years in jail.

In 1985, when General Babangida came to power in a coup, Fela was released, having served 18 months, and until the last year or so, the authorities had generally left him alone. During most of that period, one of Fela's brothers, Olikoye Ransome-Kuti, was minister of health.

Then came the death of Adesanwo Shokoya. According to the authorities, Mr. Shokoya was a technician with Egypt 80, Fela's band. Last January some band members accused Mr. Shokoya of embezzling money, and Fela ordered that he be punished, the police testified in court. He reportedly died from blows he received from two men who whipped him until he collapsed, the police said.

No one has accused Fela of witnessing the incident or being near the scene, but he was later arrested and charged with conspiracy and murder. As many Nigerians see it, the case is being used by the authorities as a way of getting back at Fela, his brother Beko and other dissidents.

The Campaign for Democracy plans another general protest for the period leading

GIs in Mogadishu: Wary and Weary

By Keith B. Richburg
Washington Post Service

MOGADISHU, Somalia — After three months of riding guard on supply convoys — and being shot at by snipers three times — Major Phillips, a U.S. Army staff sergeant from Arkansas, has a different view of the mission in Somalia and of the people he thought he was coming here to save.

"They throw rocks," he said. "They shoot. They put mines on the road. You can't trust a single Somali."

Or ask Specialist Michael Matthews of South Carolina, who has had to alter his daily routine since Somalia started near-nightly grenade and mortar attacks on the U.S. Army supply base here.

"I don't mess around," he said. "I try to go to bed around 8 o'clock because I know we're going to get attacked. I always take a shower as soon as I'm off duty, because you don't want to get caught in the shower when they attack."

When American troops first landed here Dec. 9 as part of a multinational military force, their stated objective was to ensure the safe delivery of food relief to thousands of starving Somalis and to restore order to the chaotic country to safeguard those deliveries.

But these soldiers have found themselves on the front lines of a hit-and-run war being waged between the United Nations — which assumed military command in May — and one of Somalia's principal warlords, General Mohammed Farrah Aidid.

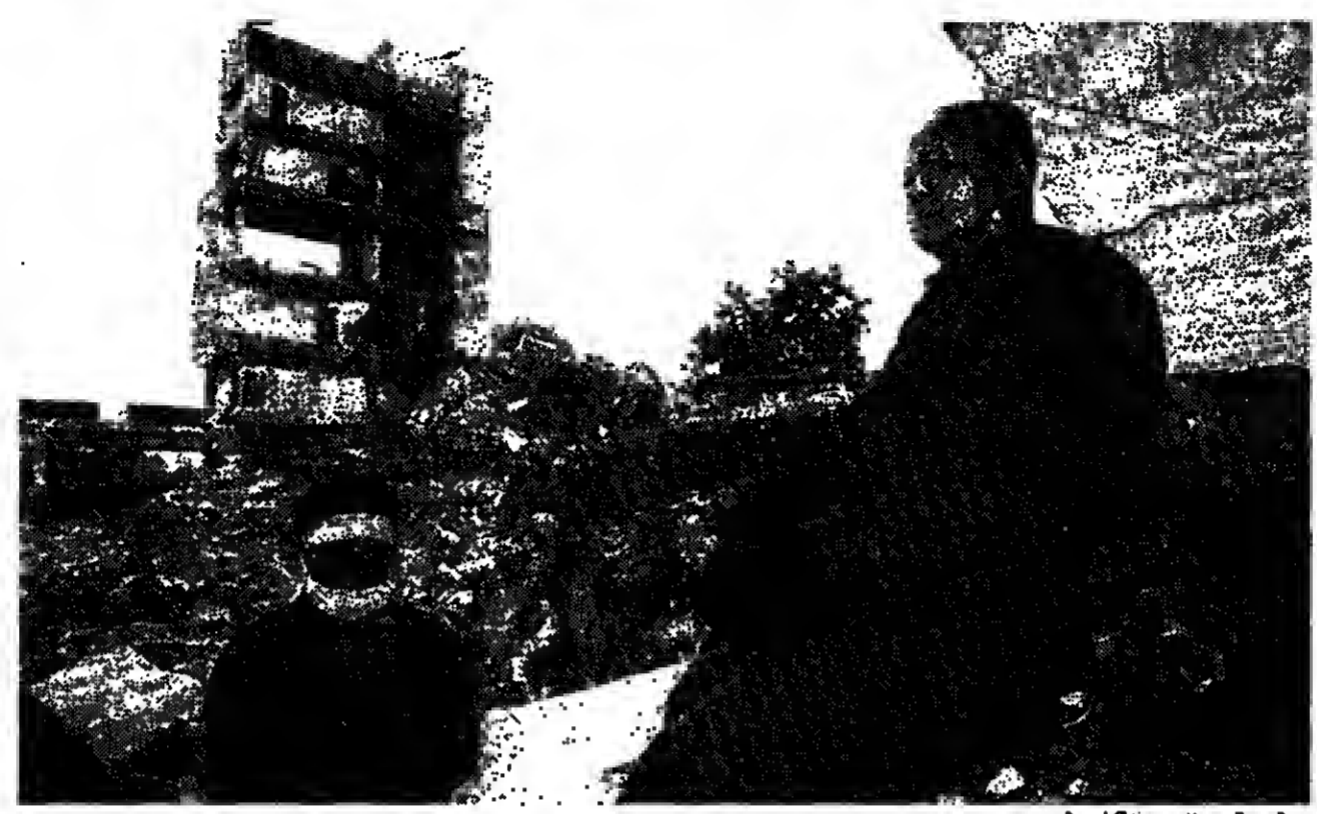
Since June 5, when an ambush laid to General Aidid's gunmen killed 24 Pakistani UN peacekeepers, the Americans' principal task has changed from aid work to mostly just protecting themselves against attack.

They are frustrated, angry and confused about why they are here.

Does Specialist Matthews think the 4,000 U.S. soldiers in Somalia are accomplishing anything? "No, I don't," he said flatly. "We don't have any need to be over here. We're getting rocked, stoned."

"The only convoy I want to go on," he declared, "is the one going down the street to the airport."

Sergeant Phillips, Specialist Matthews and others like them with the 26th Quartermaster Bat-



A rescue worker offering his respects to a Buddhist monk on Monday who conducted rites for the victims of the Thai hotel collapse.

5 More Women Alive Under Thai Rubble

NAKHON RATCHASIMA — Thailand — Hours after giving up hope of finding more survivors, rescue workers discovered five women alive late Monday under tons of rubble of the hotel that collapsed three days earlier.

After deciding that there was no chance of more survivors, the authorities started using cranes and bulldozers to remove the debris. But workers resumed sifting by hand after signs of life were discovered in a conference room where nearly 120 teachers had assembled when the hotel caved in Friday.

The police said late Monday that at least 95 people had been killed in the collapse of the six-story Royal Plaza Hotel in this city, also known as Korat, 220 kilometers (130 miles) northeast of Bangkok.

The government center coordinating the search said 50 to 60 people remained inside the rubble. It said 225 people had been injured.

The province's chief medical officer, Dr. Chalong Kunha, said two of the five women discovered alive Monday were very weak.

Rescuers working under floodlights carved a narrow tunnel through the concrete and steel rubble, big enough to crawl through, to reach the survivors, but were not yet able to free them. Doctors pumped oxygen into the area where the women were trapped.

There also was a report over a rescuer's radio that a man might be alive elsewhere in the rubble.

Rescue workers pulled two hotel maids from the rubble Sunday and early Monday. Both victims, Maniwan Titaksoporn, 29, and Nattaya Chinnep, 28, were freed only after their legs were amputated.

Both women were in satisfactory condition Monday.

The police were investigating reports that employees had spotted cracks and leaking water in the building in recent months and that the hotel management ignored the problems.

Four hotel executives have been arrested and charged with criminal negligence causing death.

The top three floors of the hotel were added to the original three-story structure in 1990. The architect who designed the extra floors said the collapse may have been caused by three huge water tanks that the management put on the roof of the modified structure.

No More Payoffs, Japan Executives Vow

TOKYO — Japan's largest business federation intends to halt all cash gifts to politicians and their parties and will advise member corporations to follow suit, a spokesman said Monday.

The move by the powerful Keidanren, or Federation of Economic Organizations, would mark a significant change in politics, which has been dominated by an alliance between big business and the conservative Liberal Democratic Party.

The party recently lost its 38-year grip on power amid public anger over its links to numerous funding scandals.

"Although it's not official yet, it is the new policy line we expect to be adopted soon," said a Keidanren public affairs official.

The decision, to be ratified at a meeting of Keidanren leaders in early September, will turn the former ruling party, still reeling from its defeat.

The new policy reflects a concession to public opinion, which is increasingly critical of the links between companies and politicians that have brought a string of corruption scandals.

The latest scandal, which felled the former ruling party vice president, Shin Kanemura, and damaged the party, involved secret donations by construction companies and regional leaders in return for winning public works contracts.

A political scientist, Masaya Fukukoa, said Keidanren was forced to change its funding policy by public disgust.

He warned, however, that the new policy could fuel illegal fundraising by politicians unless the new government moved quickly to enact tough new financing laws.

Keidanren's decision, he said, "is a big step that reflects the changing times. But what's more worrisome is that political donations could go underground and worsen the problem of illegal fund-raising unless stringent laws are passed."

Most of Keidanren's political

British Tourists Escape Nile Gunfire

CAIRO (Reuters) — A gunman fired at a boat carrying 44 British tourists on the Nile in southern Egypt on Monday but on one was harmed, the Interior Ministry said.

The boat, the Royal Orchid, continued its journey. Muslim militants have devastated Egypt's tourist industry with a series of gun and bomb attacks. The ministry said the latest attack was near Manfalut town, 130 kilometers (205 miles) south of Cairo, which is a stronghold of the militant movement.

Iran to Receive 3d Russian Sub

TEHRAN — Iran will soon receive its third Russian-made submarine, says the commander of the navy, Admiral Ali Shamkhani.

In remarks published in the newspaper Kayhan, Admiral Shamkhani also said that naval bases at Abadan and Mahshahr in the northern Gulf had become op-

DHOBI: Machine Age Threatens India's Traditional Launderer Caste

Continued from Page 1

Mr. Ahmed and his three sons work seven days a week, cleaning the clothing of Delhi's middle and lower-middle classes, a process that takes six days, from the door-to-door collection, to the soaking, the beating clean on stone slabs, the drying on open ground, and then home delivery. They handle the clothes from hundreds of people, and, they said, never return a sari to the wrong house.

As the years go by, though, their future, the future of those born to wash clothes, seems increasingly uncertain.

Since 1986, the sale of washing machines has increased nearly fivefold, to about 500,000 last year. The machines, from simple, almost home-made contraptions to fully automatic machines based on German or Japanese designs, with prices ranging from about \$65 to well more than \$600, are appearing in middle-class homes and apartments across urban India. And where just 10 years ago any Indian woman who could afford it would disdain to wash her family's clothes, handing them over to the dhobi, television commercials now encourage the practice of stuffing one's own washing machine, complete with seams of glamorous women gleefully pushing their husbands' shirts into gleaming machines.

"It's not that I became a dhobi," said Ram Kishan, who guessed his age at about 45. "I am a dhobi." Like his fellow dhobis, Mr. Kishan sees his future threatened by a changing India of consumer goods and modern conveniences.

"These are all lifestyles according to status," he said. "Someone who wears a shirt once, they can use these machines. But someone who wears their clothes for 15 days, they cannot use such machines."

"Day by day, it's declining," he continued. "We don't have any other skills so we cannot shift to other professions. And you see here, the river water is getting dirtier day by day, so we cannot keep the clothes clean."

The city government has tried to get some of the dhobis out of the Yamuna by building clusters of concrete tubs with water taps. But there are too many dhobis and too few tubs. Kedar Nath Kanjia, a man whose leathery skin and sinewy arms are evidence of decades of hard work in the sun, works with his five sons, standing waist-high in the tubs full of water.

"It's better than the river," he said. "There are more facilities here. There's some shade and the water is clean. But we are hardly surviving. If a family gave us 100 clothes a few years ago, they only give us 15 now, only those that don't fit in these new machines. I feel my grandchildren should go into some other profession. This needs a lot of hard work. You have to work in all kinds of weather. We work all the time."

TRAVEL UPDATE

Romanian road maintenance workers postponed Monday a strike for higher wages that threatened to paralyze road traffic across the country, which is already feeling the effects of a railroad strike. (Reuters)

The Temple of Perla, a roller coaster at the Euro Disney theme park east of Paris, has been closed pending an investigation into a weekend accident in which eight tourists were hurt, a spokesman for the park said Monday. The ride opened two weeks ago. (Reuters)

Forest fires whipped by strong winds destroyed tens of thousands of acres of pine forests in Greece on Monday, and the police said the cause was arson. (Reuters)

Swissair has withdrawn two of its MD-11 long-haul jets from service for about two weeks for checks after a spate of problems with the aircraft and their engines, the airline said Monday. Swissair said it planned to rent aircraft and engines from other companies to try to carry out its flight schedule. (Reuters)

Iran to Receive 3d Russian Sub

TEHRAN — Iran will soon receive its third Russian-made submarine, says the commander of the navy, Admiral Ali Shamkhani.

In remarks published in the newspaper Kayhan, Admiral Shamkhani also said that naval bases at Abadan and Mahshahr in the northern Gulf had become op-

OVERHEARD

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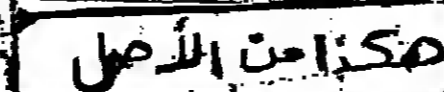
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California's Nativist Turn

America's cultural and political trends traditionally premiere in California. For that reason the growing enthusiasm of California politicians from both parties for making immigration a scapegoat for their state's many social and economic ills is alarming and dangerous.

Debating U.S. Health Care

A great deal depends on the context in which the fast-approaching U.S. national health care debate is conducted. Will the frame of reference be federal or national? The instant will be in discuss the issue largely in federal terms.

The Discovery at Tel Dan

It is not one of those cases where a second opinion will change anybody's mind. Still, the recent discovery by archaeologists in Israel of the first non-Biblical reference to King David — in an Aramaic inscription on a slab dug up in northern Israel near Syria — is another satisfying step in one of the more exciting and romantic of the Western intellectual progressions, the drive to corroborate the Bible.

Other Comment

Export Such Goods With Care
With the Cold War a fading memory and with lucrative federal contracts for national security-related products shrinking, pressures are growing on the Clinton administration to ease export controls on such high-tech products as rockets and computers.

Now Let Us Write the Painful Bosnian Postmortem

By Brian Beedham

LONDON — Bosnia is dead, for all practical purposes. It is time for the postmortem to begin. The dying country's final spasms may or may not include some NATO bombs on Serb gun sites, but even if that does happen the thump of the bombs will merely be the coda that marks the end of the whole thing.

may have been overestimated. Some senior British officers were recently reported to have said they reckoned it could have been done. Some Frenchmen think so, too.

The war is ending in international hypocrisy and Balkan agony.

chance had been missed, any subsequent intervention would have been riskier and bloodier. But it would not have been impossible.

just wanted the problem to go away. The Clinton people saw that it would not, and were willing to use force to solve it, but they would not let that force include American soldiers on the ground inside Bosnia.

seems likely that Britain will be considered the intellectual leader of the error. The postmortem's third question must be how the West can do better next time. A next time there will assuredly be, not least because the Serbs' triumph is going to encourage awkward people all over the world — think of Pyongyang and Baghdad — to believe that they can count on a failure of Western will.

Will Republicans Shed The Old World Vision?

By Jim Hoagland

WASHINGTON — The rumble of heavy artillery has shaken the political battlefield for months as Republican leaders and President Bill Clinton traded fire on taxes and spending. But on foreign policy the GOP takes only isolated sniper shots at a young Democratic president groping for America's new role in a changed world.

scriptions will solve either problem or add up to an overarching alternative view of the use of force abroad. Thoughtful Senate Republicans, such as Richard Lugar of Indiana and William Cohen of Maine, offer sound positions on foreign crises, but do so as individuals rather than as spokesmen for a party that has not always been as forward-looking as they have.



compromising support for President Boris Yeltsin of Russia has met with no coordinated Republican dismay. "We can't figure out where the Republicans are on what were core issues to them in national security."

That will change in September, as the Clintonites conclude a series of strategy reviews dealing with the future of arms control and nonproliferation, the structure of U.S. nuclear forces and other topics. The results will be laid out in a major address by the president and several supporting speeches by Mr. Clinton.

Strong Mexican Progress Bodes Well for North American Trade

By José Antonio Alonso Espinosa

MEXICO CITY — As a Mexican businessman, it strikes me that much American discussion of the North American Free Trade Agreement focuses less on the agreement and more on economic, social and political disparities between Mexico and the United States. This discussion ignores the enormous progress Mexico has made in the last six years and the benefits trade liberalization will bring to both countries.

free-market principles. Under President Carlos Salinas de Gortari, the decades-old traditions of protection and intervention were replaced with massive privatization and deregulation. Consider these facts: • Tariffs have been slashed from over 100 percent to around 10 percent, and under NAFTA will be phased out entirely.

border: NAFTA has the most extensive environmental and labor standards of any trade agreement. As in the United States, some in Mexico would prefer the old days of xenophobic nationalism and protectionism. Many progressive Mexican entrepreneurs stand to lose a great deal as the economy is thrown open to further foreign penetration. Every new American fast-food restaurant that opens on a corner in Mexico means one less restaurant will be created and owned by Mexicans.

Halt the New Rain of Bombs in Sudan

By Caroline Cox and John Eibner

ZURICH — The government of Sudan is again on the military offensive. Since July 26, Sudanese Air Force Antonovs have been indiscriminately attacking civilian targets in the region of Kaya near the Ugandan border. The United Nations estimates that more than 75,000 people have been made homeless and are seeking refuge in Uganda, Zaire and elsewhere in southern Sudan.

visit are welcome signs of this. Sudan's leaders would like the world to believe that it is stockpiling and considering embarking on a new democratic course. They are eager to see the end of the suspension of Western aid.

NAFTA will solidify and expand reforms in Mexico. Study after study has concluded that the agreement will improve the welfare of citizens of both countries. Like the United States, Mexico needs exports to boost economic growth. Mexico has also greatly increased its spending to enforce environmental laws and improve working conditions. Implementing NAFTA will improve the environment along the Mexican-U.S.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Charcot Is Dead
PARIS — Dr. Jean-Martin Charcot, the eminent Paris specialist in cases of hypnosis, died yesterday (Aug. 16). The deceased had a world-wide fame as an authority on all diseases or peculiar conditions of the nervous system. His skill as a hypnotist, and his studies and experiments in the direction of hypnotic suggestion had given him a reputation which in some cases amounted to superstition. He was the first to give the phenomena depending upon animal magnetism the official or scientific stamp.

1943: Crisis in Norway
STOCKHOLM — [From our New York edition:] Norway was placed virtually under military law tonight (Aug. 16) following the execution of the Norwegian civil police chief by the Nazi occupation authorities, who accused him of disobedience. A roundup was ordered of all Norwegian military officers still in Norway for transfer to Germany as prisoners of war. In addition, Fushar Adolf Hitler had rescinded an amnesty granted to Norwegian officers still in Norway because some of them had joined armed fighting Germany or had committed illegal acts. About 500 regular officers and 1,000 reserve officers were affected.

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OPINION

A First Lady and a Counsel's Trap

WASHINGTON — In the weeks before Vincent Foster's death, he was working on increasing ethical concerns about one of Hillary Clinton's assets by putting the Clintons' financial holdings into a blind trust.

The guilt-ridden deputy counsel may have misadvised a potential conflict of interest in Value Partners, an investment group in which Mrs. Clinton held nearly 1 percent, her estimated share is \$100,000. The partnership was about 14 percent invested in health care stocks at last year's end; it had "short" positions in such companies as Health Pro, Cytoskeletal Sciences and Bioplastic, betting their prices would drop. The partnership manager, William Smith, tells me he spoke to Mr. Foster "three or four times" this year.

Mrs. Clinton's public pronouncements about health and her hints at the need for particular price controls had a direct and predictable effect on stocks in that field. Counsel Foster assured her she had no conflict-of-interest problems because she was not a government employee.

Then came the lawsuit demanding she open her recent meetings to the public. The Federal Advisory Commission Act says that such meetings can be closed if attended only by "full-time officers and employees" of government. White House Counsel won the case by claiming Mrs. Clinton was indeed a federal official for purposes of that Act. But appellate Judge Laurence Silberman put a pregnant footnote in his June 22 opinion: "We do not need to consider whether Mrs. Clinton's presence on the Task Force violates any conflict-of-interest statute."

By William Safire

Had Mr. Foster's victory in court subjected the first lady to a Justice Department investigation based on the Criminal Code's section 202?

Faced about this, Counsel Bernard Nussbaum faces back: "The decision did not purport to affect the question whether the first lady is an officer or employee for any other purposes, including application of the conflict of interest laws."

About the propriety of these holdings: "She had no role whatsoever in the investment decisions of the fund. . . . Its holdings included some assets that are health-related, but the total of these assets is a minor portion of the fund's entire portfolio — to our knowledge, less than 10 percent. Mr. Foster was aware of these facts. The matter was not discussed with the Office of Legal Counsel."

Reasonable scholars will grant that Mrs. Clinton's health-related holdings are, as Mr. Nussbaum writes, "clearly insubstantial, because they are both a small amount of money and an insignificant part of the Clintons' total assets." Nobody suggests she was out to make a buck on short sales of medical stocks.

But what may well have contributed to Mr. Foster's gloom was the need to protect the first lady from the consequences of his FACA victory with legal legitimacy. His solution was to put this active official outside the reach of the law.

Section 203 specifically exempts the president and the vice president from the conflict-of-interest law. Adds the

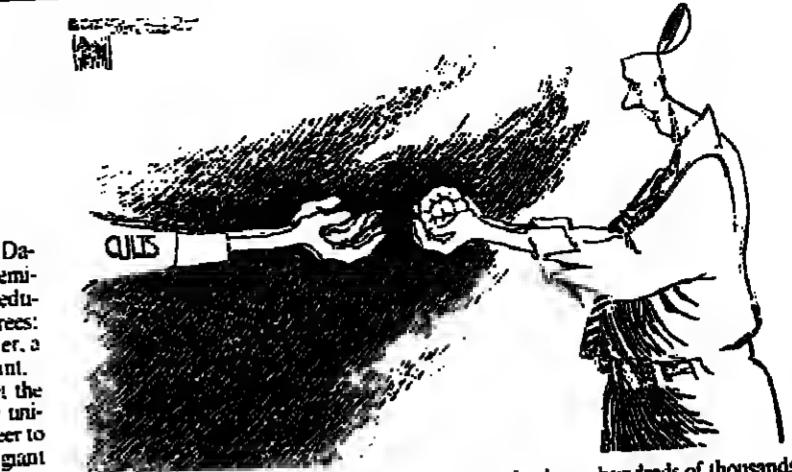
In 'Superstition Park,' You Might See Yourself

WASHINGTON — Some scientists remain so troubled by how their profession was depicted in "Jurassic Park" that they have proposed a public relations campaign to counter the film's "anti-science" message.

They've fingered the wrong flick. The threat to science, if any, comes from films like "Dracula," in which religious icons ward off evil. A little science, even implausible science, is a welcome relief from the superstitious twaddle Hollywood gives us.

One in four Americans consults a horoscope before reading the headlines and a third believe they have been in touch with a dead relative. Polls in Britain and Germany have found that a substantial majority believe in good-luck charms and fortune tellers. In the former Soviet Union, the state suppressed such things. But now, the people are squandering their freedom of thought on the same preposterous nonsense that afflicts the West. Astrologers, psychics, palm readers and faith healers seem to have popped up on every street corner in Moscow.

On college campuses in America, students are surrendering their free



will to religious cults. The Branch Davidians in Waco, Texas, were not semiliterate rustics. Most were college-educated and some had advanced degrees. There was a Harvard-trained lawyer, a computer consultant, an accountant.

But not just cult followers respect the idea of a rational, understandable universe. At a time when telescopes peer to the very edge of the universe and grant accelerators prepare to recreate the conditions at the beginning of time, most people find the old myths of creation unsatisfying. The New Age movement, with its blend of anti-rational mysticism and symbols borrowed from science, embraces psychokinesis, telepathy, channeling, pyramid power, UFOs and other modern superstitions beliefs.

How are we to account for such widespread nuttiness? Is it indelibly coded into our DNA? Maybe.

Without getting into questions of technical feasibility, imagine using preserved DNA to clone one of our Stone Age ancestors instead of tyrannosaurs. The Cro-Magnons lived in the Pleistocene era some 30,000 years before the dawn of civilization. Would a Cro-Magnon clone be a savage brute seem to have roared up on every street corner in Moscow?

On college campuses in America, students are surrendering their free

MEANWHILE

Evolution is a very slow business. It cannot keep up with the pace of change in recent decades; that change came about because humans accumulate information from one generation to the next, not because our brains are better than those of the Cro-Magnons.

We are pretty much unchanged from the savages who survived in the Pleistocene forests by eating grubs off rotten logs. It seems remarkable that creatures who evolved to find food and avoid predators should be capable of writing sonnets and doing integral calculus — much less operating a videocassette recorder. But no matter how clever we are at doing these things, the world of jet travel and computers bears no resemblance to the primitive world in which

The writer is professor of physics at the University of Maryland and director of the Washington office of the American Physical Society. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Russia and Estonia

Regarding "Head a Russian, Cry of Despair in Estonia" (Opinion, Aug. 14) by Andrei V. Kozirev:

Mr. Kozirev exhorts us to heed the "cry of despair" of the residents of Narva, whom he sees as victims of Estonian nationalist radicals encouraged by the Council of Europe's indifference to local human rights "to pursue policies reminiscent of ethnic cleansing."

He writes: "Today, this town symbolizes one of the most serious challenges to European stability." And further: "This is why the events in Narva should become a touchstone of the ability of Europe to effectively prevent and extinguish conflicts." Quite so.

But has Mr. Kozirev forgotten another touchstone? Bosnia, neither Europe, nor Russia, heeded the "cry of despair." Indeed, the latter led the noninterventionist pack. The life of William F. Buckley's opinion column on the same page sums it up: "Sarajevo: Great Powers Play Out the Tragedy Again." Impervious to the lessons of history, they will now all face the cost of appeasement, indecision and compromise.

The editorial errs on the role of the UN Food and Agriculture Organization in world fisheries. Far from encouraging the overfishing that has caused depletion of certain stocks, the FAO has warned against it for decades. Through its exclusive economic zones program, it has successfully persuaded many developing nations to limit fishing to sustainable levels.

For years, the FAO has issued "early warnings" on the need to reduce fishing by predicting environmental change, as with El Niño and its effects on the Peruvian anchovy fisheries as far back as the early 1970s.

One of the FAO's main concerns in fisheries has been the protection of artisanal fishing and small fishing communities. In 1986 it launched a yearlong global campaign for the benefit of small-scale fishermen and their communities. The FAO has been operating a large number of technical assistance programs focusing on just that sector.

The FAO also played a key role last year in the organization of International Conference on Responsible Fishing and has been entrusted with the task of drafting a code of conduct for responsible fishing. The code will also include an international agreement to promote compliance with conservation and management measures by vessels fishing the high seas and to deter the use of flags of convenience as a means to undermine such measures.

RICHARD LYDIKER, Director, Information Division, UN Food and Agriculture Organization, Rome.

A Sobering Message

In response to "Germany Sets Treblinka Chief, Free After 34 Years" (Aug. 2):

I find it particularly outrageous that Kurt Franz, the brutal commandant of the Treblinka death camp, was freed by the German authorities. At his trial in 1965 (a bit late considering that the war ended in 1945), he was convicted of actively participating in the murder of 300,000 Jews.

Furthermore, he was known for his particular viciousness in encouraging his dog to attack prisoners, and in many cases used the command "Man, grab the dog!" The verdict stated, so as to avoid any misunderstanding, that "man" referred to his dog, and "dog" referred to the prisoners.

With his role as one of the most sadistic murderers in the history of the world established, how could the German government let him go free? What message does this send to the butchers in Bosnia, and what does this say about the German government's credibility to criticize the events in Bosnia?

Additionally, what does it say to the right-wing thugs in Germany? The message that it sends is, unfortunately, terribly sobering: German justice is arbitrary, and the German government's attitude toward coming to grips with the German death machine of the 1940s is superficial.

ERIC S. GOLDSTEIN, Oxford, England.

The FAO and Fisheries

Regarding "Plundering the Seas" (Opinion, Aug. 3):



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Italian Police Blame Mafia in Bombings

By John Tagliabue
New York Times Service

ROME — The principal suspects in Italy's recent wave of terrorist bombings are remnants of Italy's battered Mafia, backed by international criminal organizations, the national police chief has disclosed.

The chief, Vincenzo Parisi, also said in published interviews that investigators were pursuing links between extremists and Italian organized crime factions that are said to be exchanging weapons and "favors."

The disclosures provided the first rough outline of the approach being taken in the investigation of the bombings, which have struck museums and churches, leaving 10 people dead and dozens wounded.

Mr. Parisi said the attacks appeared to have been aimed at derailing Italy's investigation into vast official corruption. But he said that they also appeared to be linked to "other less evident but more important interests" that in-

cluded "central criminal organizations" with activity "not bound by our national territory."

The police chief said Italy had evidence that Mafia hoodlums were obtaining "logistical support" from "extremist groups" in former Yugoslav republics and other countries of Eastern Europe. This prompted a government decision last week to reinforce security on Italy's north-eastern frontier by sending troops there, he said.

If the evidence is borne out, it would appear that the bombings were the work of international crime organizations seeking to deter Italy from a sweep that has imprisoned the leadership of the major organized crime families — the Mafia in Sicily, the Camorra in Naples and the 'Ndrangheta in Calabria — and dramatically curbed their operations in Italy.

As an example, Mr. Parisi said, Italy's place in the international drug-trafficking circuit had been "marginalized" by the arrests.

No progress has been reported in the search for the those who planted bombs in Rome and

Florence in May and in Rome and Milan last month. And indeed Mr. Parisi's interviews appeared intended at least in part to forestall criticism of the apparent inability of the authorities to track down the culprits.

The lack of progress in the investigation raised particularly embarrassing questions because it followed a similar failure to solve a series of earlier Mafia-related killings, including the assassinations last year of two leading judges in the anti-Mafia crusade, Giovanni Falcone and Paolo Borsellino.

Moreover, the investigation of Italy's bribery and corruption scandal is reaching deeper into cases of politicians who gave organized crime protection from prosecution. Gherardo Colombo, a judicial investigator into political and business corruption in Milan, recently attributed investigative successes in that northern Italian city to a collapse of "mechanisms of coverage and protection." In the government, he said this could also yield breakthroughs in unsolved murder cases, like those of the judges.

UN Shifts on Bosnia to Favor Partition

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — The United Nations has undergone a fundamental change in its troubled operation in Bosnia, from trying to protect people against aggression and starvation to making easier a process that could end in the partition of Bosnia, UN and Western officials say.

Underlying this change is the belief of UN officials that the batters are so intense among the three factions — Croats, Muslims and Serbs — that only partition will stop the war before another terrible winter.

Also implicit is the acknowledgment that because Western governments do not have the will to im-

pose a peace upon the warring sides, any peace will do.

The change highlights the difficulties of what many military and disaster relief specialists believe will comprise the lion's share of the UN's activity in the future.

It points out, they say, the dangers of not making peace first and relying on the goodwill of warring parties.

In Bosnia, as a result of these decisions, the main opponent of partition — the Muslims — appear to be getting squeezed by UN officials to submit to it.

But critics say the plan is flawed in that it assumes Serbian and Croat factions will be willing to tolerate the existence of a mostly

Muslim entity in Bosnia even if they get separate states.

"The way the UN is negotiating with these characters, it's just begging them to break every agreement they make," said a senior Western military officer who visited Bosnia recently. "They really put the cart before the horse."

The new UN attitude was clearly reflected on Monday when Lieutenant Commander Barry Frewer, chief spokesman of the UN force here, claimed that Sarajevo was no longer under siege by the Serbs. Gullfaws broke out in the press corps.

In a statement issued with praise for the Serbs, Commander Frewer described the Serbian forces that

ring the city with an estimated 1,400 heavy weapons as being in a "tactically advantageous position — but I won't call it a siege."

The statement, which appeared to reflect more a UN desire than reality, echoed recent claims by the Bosnian Serbs' political leader, Radovan Karadzic, that his forces were not besieging Sarajevo.

The Bosnian vice president, Ejup Ganic, issued a statement Monday night proclaiming Commander Frewer unacceptable to Sarajevo.

Sarajevo still is largely without electricity and water. Its people cannot leave without risking death from Serbian snipers. There is no international mail service and no international telephone lines. Most everything that comes into the city does so at the whim of Serbs manning checkpoints.

BOSNIA: Initial Accord for UN to Control Sarajevo

Continued from Page 1

nia that are surrounded by Serbian forces, he said.

Word of the agreement coincided with a UN announcement in Sarajevo that the last unit of Serbian soldiers still occupying strategic high ground overlooking the Bosnian capital left Monday.

Serbian forces seized the two strategic mountains over a week ago, stalling the Geneva talks, which resumed on Monday, and raising a prospect of NATO air strikes to destroy artillery threatening the capital.

The leaders accepted in principle that Sarajevo "will be administered for an interim period by the United Nations," Mr. Mills said, adding that the length of the period had yet to be defined.

"The parties accept as a basic principle the exclusion of all armed

forces except those of the United Nations," he said.

Mr. Mills said the three-man committee would also examine the issue of civilian police coordination with the UN administrator and the functioning of the municipal authorities.

In a report to the Security Council earlier this month, the mediators warned that Sarajevo's fate was "the most contentious issue" blocking their negotiations.

As the talks resumed after a two-week boycott by Mr. Izetbegovic, Croats gave Muslims an ultimatum to accept Serbian-Croatian plans to divide up Bosnia or face prolonged war.

"Any party that attempts to make fundamental changes of the map we have negotiated so far does not want a peace agreement but

wants delays and war instead," said Mr. Boban in remarks clearly aimed at Mr. Izetbegovic.

Earlier Monday the leaders agreed to allow UN military observers to go anywhere in the country.

Serbs and Croats have offered the Muslims a landlocked enclave covering nearly 30 percent of Bosnia, but Mr. Izetbegovic wants 40 percent, including Serbian-held towns near the border with Serbia in eastern Bosnia that were predominantly Muslim.

Mr. Karadzic, whose Serbs would have to give up some of the territory they have seized in the war under any of the proposed settlements, has flatly rejected Mr. Izetbegovic's demands. Serbs control about 70 percent of the country.

(AP, Reuters)



Workers cleaning up a vandalized Soviet cemetery in the East German town of Cottbus on Monday.

Lebanon Rules Out Disarming Guerrillas

Beirut

BEIRUT — Lebanon ruled out any security deal with Israel on Monday, but it said it was ready to send hundreds more soldiers south to the border.

to southern Lebanon, meanwhile, guerrillas fired three rockets at an Israeli Army patrol in their first attack on Israel's forces there since a cease-fire ended a seven-day assault last month. Israeli artillery and tanks retaliated within minutes, pounding guerrilla-held areas north of its self-styled security zone, security sources said. No casualties were reported.

About 300 Lebanese soldiers took up positions a week ago in a United Nations zone facing Israel's front lines. The deployment, made without consulting Syria, reportedly strained Syrian-Lebanese relations, but Syria said Monday that the ties were still "strong and deep-rooted."

Political sources said the Syrians had told the Lebanese that a large deployment could lead to a confrontation between the army and Hezbollah guerrillas and strengthen Israel's long-standing demand for a security deal with Lebanon.

Defense Minister Mohsen Dalakul said Lebanon would not disarm the guerrillas before Israeli forces left the zone they occupy. He said the zone had been sent to encourage the return of civilians.

Israel has been pressing Lebanon in the Middle East peace talks to agree to ensuring security along Israel's northern border and in the buffer zone it established in southern Lebanon in 1985.

Officials said five Lebanese officials — President Elias Hrawi, Prime Minister Rafik Hariri, the parliamentary speaker, Nabih Berri, Deputy Prime Minister Michel Murr and Foreign Minister Fais Bouteh — met with President Hafez Assad in Damascus.

"Contrary to what the Israelis were claiming, the crime against Lebanon has not led to the promotion of friendly Syrian-Lebanese relations," the Syrian state radio said.

Kohl Party Assails Socialists on Rally

BONN — Chancellor Helmut Kohl's Christian Democrats criticized the Social Democratic-led government of the West German state of Hesse on Monday for failing to stop a weekend neo-Nazi rally in honor of Hitler's deputy Rudolf Hess.

The manager of Mr. Kohl's party, Peter Hintze, courted the Hesse government's failure to prevent the rally, by about 500 neo-Nazis in Fulda on Saturday, with the police action that he said had prevented anti-demonstrations in the state of Thuringia. The Christian Democrats lead the Thuringia government.

"The SPD must know that in fighting right-wing extremism, decisive action counts more than lofty words," Mr. Hintze said in a statement. He urged the Social Democratic leader, Rudolf Scharping, to explain whether this "laissez-faire" attitude represented the party's general approach to dealing with the far right.

The police turned out to force across Germany on Saturday to stop neo-Nazis from holding their annual rallies on the anniversary of Hess's suicide in Berlin's Spandau prison on Aug. 17, 1987.

The Hesse state Interior Ministry said Monday that the police had been taken by surprise by a last-minute demonstration in Fulda but that they had reacted quickly and succeeded in preventing clashes between far-right and leftist groups.

BONDS: Gambling Revenue Inspires New Bid to Collect From Mississippi

Continued from Page 1

For decades, though, the council did little to state police pressure on Mississippi. Every time the state elected a new governor, the council would write to him, reminding him of his duty to the bondholders.

The most recent of many officials to disregard such a letter was Mississippi's current treasurer, Marshall Bennett. "It does not mean that we are insensitive, but there is just no compelling need to prioritize that type of expense," he said in an interview.

The high-water mark in the campaign came in 1934. Just over a century after the bonds were issued, the Principality of Monaco entered the fray. As the holder of hundreds of the bonds, Monaco pleaded its case before the U.S. Supreme Court and was rejected. The court claimed a lack of jurisdiction.

As many people saw it, that ruling sealed the bondholders' fate. "If people won't talk to you and you cannot sue them, then you are stuck," summed up Mr. Gough.

But then along came Mr. Barry, Mr. Seabrook and Paul Neville, a Jackson-based attorney.

"I am very confident that the state constitution is unconstitutional," said Mr. Neville, who is now pressing cases on behalf of the European Association of Mississippi Bondholders in both state and federal courts.

Mr. Neville, who traces his Mississippi roots back to antebellum days, calls the state's stubbornness on this issue an "unfortunate blot" on its honor.

What spurs Mr. Neville and his clients now is the suddenly surprisingly good condition of Mississippi's finances. Two years ago, the state legalized riverboat gambling. Now, with the likes of Donald Trump racing to moor ever bigger gambling dens along the state's shores, Mississippi's budget has swung into surplus.

Besides, the British bondholders argue, they are not asking for all that much.

"Being nice chaps, we are not suing for compound interest," Mr. Seabrook said. One hundred and fifty-two years of compound interest on the bonds, which were to pay between 5 percent and 6 percent annually, would, he acknowledges, be an "absolutely astronomical" amount.

Dr. Charles Baring Grant is a descendant of the Barings banking dynasty of the 19th century that sold Mississippi's bonds in Britain originally. A general practitioner in Sussex, he inherited his bonds 30 years ago and confesses that long ago he came close to discarding them.

"I was tempted," Dr. Grant said, "but I saved them because I thought they might make good lampshades."

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| <p>207th Winner LAKSHMI RAGHAVAN Series # 207 — Ticket # 0857 of Abu Dhabi, UAE, winner of the black Mercedes Benz 500 SL.</p> | <p>208th Winner REEMAN H Y HAZARELO Series # 208 — Ticket # 0874 of Fujairah, UAE, winner of the grey/red BMW 750 i.</p> |
| <p>209th Winner RASHID S AL MAHDAMI Series # 209 — Ticket # 0264 of Sharjah, UAE, winner of the silver metallic Porsche 928 GTS.</p> | <p>210th Winner ENJAZ ELIAS Series # 210 — Ticket # 0338 of London, UK, winner of the light green BMW 850 Ci.</p> |

MOSCOW: Reign of Underworld

Continued from Page 1

each trying to carve out a piece of illegal activity for itself.

Moscow's shadier characters are not hard to spot. They strut through the glitzy bars and casinos in wide-shouldered suits, surrounded by bodyguards and women in short Lycra suits. They often have cellular telephones to their ears. They tend to travel in expensive Western limousines with cars full of bodyguards close behind.

"This is their hour," a disgusted Muscovite said, watching a sleek Mercedes-Benz with an escort car behind flash through a red light. "They have waited this long to live this way, they don't care if they die doing it."

In an interview, a top Russian police official said there were as many as 3,000 gangs in Russia, of which 150 have evolved into well-organized fraternities.

In Moscow, the police have identified 9 or 10 large gangs, most with affiliations to other regions of Russia.

The social breakdown that accompanied the collapse of the Soviet Union has added to the sense of lawlessness.

"This country is going from communism to recklessness overnight," said Jeffrey Zeiger, of Trenton, New Jersey, who owns two restaurants in Moscow. "Now there is a total disregard for law and order. Russian entrepreneurs are into flashiness, having fancy cars, wearing fancy clothes. Maybe it is related to all the American films: the whole atmosphere is like back in Chicago in the 1930s."

People at the top read the Trib.

Herald Tribune.

U.S. Sees Disease Risk In Tissue Transplants

By Warren E. Leary
New York Times Service

WASHINGTON — Concerned that hepatitis, AIDS and other infectious diseases can be spread by tissue transplants, the Food and Drug Administration will seek expanded authority to regulate bone, skin, cornea and other human tissue used for more than 400,000 transplants a year.

Federal health officials and representatives of the tissue transplant industry say the transplants, which also include blood vessels, tendons, ligaments, cartilage and heart valves, are generally safe and rarely cause infectious diseases.

But the health officials and some members of Congress contend that new rules are needed to ensure that the transplants are effective and to prevent the recurrence of cases like one in which 61 organs and tissue grafts taken from a Virginia man who was infected with HIV, the virus that causes AIDS, were transplanted to more than 40 people. Seven were infected with the virus, and three have died.

Although most tissue used in transplants is obtained in the United States, the officials are especially concerned about supplies from other sources, including the former Soviet Union, that might not meet existing voluntary standards.

Tissue that is improperly collected, processed or shipped, experts said, is more likely to fail in a recipient's body, causing further medical problems.

"The collection, testing, distribution and use of large organs like hearts, kidneys and livers is closely regulated. But the industry supplying most other transplant tissue is basically self-policed and follows voluntary guidelines for safety and quality.

According to U.S. and industry figures, each year about 10,000 donors supply more than 400,000 tissue grafts for transplants. This compares with 16,000 transplants of whole organs from 4,500 donors.

Representative Ron Wyden, Democrat of Oregon, said he would introduce legislation to give the Food and Drug Administration wider authority to regulate tissues and to charge the industry fees to cover some of the costs.

Mr. Wyden said the increasing use of nonorgan transplant material raised not only safety issues but also questions about the handling of the tissue. There have been a number of reports of grafts that have failed because of handling problems, he said, noting that processing and storage can significantly alter the characteristics of tissue.

Working with lawmakers, the FDA is helping draft legislation that would define tissue banks and require them to be registered and certified and to follow standard practices in obtaining, processing, packaging and distributing tissues.

In addition, tissue companies would be required to follow standard procedures in screening and testing donors and to keep detailed records on the transplant tissue and donors.

The rules would make mandatory most of the practices that are now voluntary.

NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Div. Yld. PE Ratio High Low Last Close

| 12 Month High | Low | Stock | Div. | Yld. | PE Ratio | High | Low | Last Close |
|---------------|---------|-------------|------|------|----------|---------|---------|------------|
| 100.00 | 95.00 | IBM | 3.00 | 3.00 | 15.00 | 100.00 | 95.00 | 98.00 |
| 150.00 | 140.00 | Microsoft | 0.00 | 0.00 | 15.00 | 150.00 | 140.00 | 145.00 |
| 200.00 | 190.00 | Apple | 0.00 | 0.00 | 15.00 | 200.00 | 190.00 | 195.00 |
| 300.00 | 280.00 | Oracle | 0.00 | 0.00 | 15.00 | 300.00 | 280.00 | 285.00 |
| 400.00 | 380.00 | Sun | 0.00 | 0.00 | 15.00 | 400.00 | 380.00 | 385.00 |
| 500.00 | 480.00 | HP | 0.00 | 0.00 | 15.00 | 500.00 | 480.00 | 485.00 |
| 600.00 | 580.00 | Compaq | 0.00 | 0.00 | 15.00 | 600.00 | 580.00 | 585.00 |
| 700.00 | 680.00 | Digital | 0.00 | 0.00 | 15.00 | 700.00 | 680.00 | 685.00 |
| 800.00 | 780.00 | PerkinElmer | 0.00 | 0.00 | 15.00 | 800.00 | 780.00 | 785.00 |
| 900.00 | 880.00 | Amgen | 0.00 | 0.00 | 15.00 | 900.00 | 880.00 | 885.00 |
| 1000.00 | 980.00 | Genentech | 0.00 | 0.00 | 15.00 | 1000.00 | 980.00 | 985.00 |
| 1100.00 | 1080.00 | Amgen | 0.00 | 0.00 | 15.00 | 1100.00 | 1080.00 | 1085.00 |
| 1200.00 | 1180.00 | Amgen | 0.00 | 0.00 | 15.00 | 1200.00 | 1180.00 | 1185.00 |
| 1300.00 | 1280.00 | Amgen | 0.00 | 0.00 | 15.00 | 1300.00 | 1280.00 | 1285.00 |
| 1400.00 | 1380.00 | Amgen | 0.00 | 0.00 | 15.00 | 1400.00 | 1380.00 | 1385.00 |
| 1500.00 | 1480.00 | Amgen | 0.00 | 0.00 | 15.00 | 1500.00 | 1480.00 | 1485.00 |
| 1600.00 | 1580.00 | Amgen | 0.00 | 0.00 | 15.00 | 1600.00 | 1580.00 | 1585.00 |
| 1700.00 | 1680.00 | Amgen | 0.00 | 0.00 | 15.00 | 1700.00 | 1680.00 | 1685.00 |
| 1800.00 | 1780.00 | Amgen | 0.00 | 0.00 | 15.00 | 1800.00 | 1780.00 | 1785.00 |
| 1900.00 | 1880.00 | Amgen | 0.00 | 0.00 | 15.00 | 1900.00 | 1880.00 | 1885.00 |
| 2000.00 | 1980.00 | Amgen | 0.00 | 0.00 | 15.00 | 2000.00 | 1980.00 | 1985.00 |

| Symbol | Price | Change | Volume |
|-------------|--------|--------|---------|
| IBM | 98.00 | +0.50 | 1200000 |
| Microsoft | 145.00 | +1.00 | 800000 |
| Apple | 195.00 | +0.50 | 600000 |
| Oracle | 285.00 | +1.00 | 400000 |
| Sun | 385.00 | +0.50 | 300000 |
| HP | 485.00 | +0.50 | 200000 |
| Compaq | 585.00 | +0.50 | 150000 |
| Digital | 685.00 | +0.50 | 100000 |
| PerkinElmer | 785.00 | +0.50 | 50000 |
| Amgen | 885.00 | +0.50 | 40000 |
| Genentech | 985.00 | +0.50 | 30000 |

| Symbol | Price | Change | Volume |
|--------|---------|--------|--------|
| Amgen | 1085.00 | +0.50 | 20000 |
| Amgen | 1185.00 | +0.50 | 15000 |
| Amgen | 1285.00 | +0.50 | 10000 |
| Amgen | 1385.00 | +0.50 | 8000 |
| Amgen | 1485.00 | +0.50 | 6000 |
| Amgen | 1585.00 | +0.50 | 4000 |
| Amgen | 1685.00 | +0.50 | 3000 |
| Amgen | 1785.00 | +0.50 | 2000 |
| Amgen | 1885.00 | +0.50 | 1500 |
| Amgen | 1985.00 | +0.50 | 1000 |

| Symbol | Price | Change | Volume |
|--------|---------|--------|--------|
| Amgen | 2085.00 | +0.50 | 800 |
| Amgen | 2185.00 | +0.50 | 600 |
| Amgen | 2285.00 | +0.50 | 400 |
| Amgen | 2385.00 | +0.50 | 300 |
| Amgen | 2485.00 | +0.50 | 200 |
| Amgen | 2585.00 | +0.50 | 150 |
| Amgen | 2685.00 | +0.50 | 100 |
| Amgen | 2785.00 | +0.50 | 80 |
| Amgen | 2885.00 | +0.50 | 60 |
| Amgen | 2985.00 | +0.50 | 40 |

| Symbol | Price | Change | Volume |
|--------|---------|--------|--------|
| Amgen | 3085.00 | +0.50 | 30 |
| Amgen | 3185.00 | +0.50 | 20 |
| Amgen | 3285.00 | +0.50 | 15 |
| Amgen | 3385.00 | +0.50 | 10 |
| Amgen | 3485.00 | +0.50 | 8 |
| Amgen | 3585.00 | +0.50 | 6 |
| Amgen | 3685.00 | +0.50 | 4 |
| Amgen | 3785.00 | +0.50 | 3 |
| Amgen | 3885.00 | +0.50 | 2 |
| Amgen | 3985.00 | +0.50 | 1 |

| Symbol | Price | Change | Volume |
|--------|---------|--------|--------|
| Amgen | 4085.00 | +0.50 | 1 |
| Amgen | 4185.00 | +0.50 | 0 |
| Amgen | 4285.00 | +0.50 | 0 |
| Amgen | 4385.00 | +0.50 | 0 |
| Amgen | 4485.00 | +0.50 | 0 |
| Amgen | 4585.00 | +0.50 | 0 |
| Amgen | 4685.00 | +0.50 | 0 |
| Amgen | 4785.00 | +0.50 | 0 |
| Amgen | 4885.00 | +0.50 | 0 |
| Amgen | 4985.00 | +0.50 | 0 |

TRIB INDEX

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BUSINESS

International Herald Tribune, Tuesday, August 17, 1993

Dollar Slides On Weakness In U.S. Rates

Compiled by Our Staff From Dispatches

LONDON — Dealers turned on the dollar Monday, pushing the U.S. currency sharply lower as they focused on interest-rate differentials with Europe and the remorseless demand for yen.

The Federal Open Market Committee, the policy-setting arm of the U.S. central bank, is to meet Tuesday, and financial markets have been speculating it might vote to reduce interest rates in give a boost to the slowly expanding economy.

While few analysts have said that it is likely, fears that the Federal Reserve Board might raise rates seem to have evaporated as signs of price inflation and little strength.

"Dollar selling has clearly become the path of least resistance, with a series of weights holding it down across the board," said Juoni Kokko, international economist at S.G. Warburg in London. "Tomorrow's FOMC's a big influence though. While overnight talk of the Fed moving to an easing bias are a bit silly at this stage, that's just the type of speculation that will weed out the dollar."

The dollar fell to 1.6869 Deutsche marks from 1.7123 on Friday, and it dropped to 101.575 yen from 101.900.

The Bank of Japan intervened heavily to deflect the dollar's fall toward 100 yen, but dealers thought it was just wasted effort given the unrelenting demand of U.S. investment funds and corporate Japan for the yen and the conspicuous absence of other central banks.

"Japan's huge trade surplus has become an embarrassment. Last week the yen appreciated against the dollar and the European Monetary System to direct response to the reported \$11.8 billion trade surplus for Japan in July," said Carl Weinberg, chief economist at High Frequency Economics. "This week the U.S. trade deficit comes into the spotlight," he said.

The government is scheduled to report the June merchandise trade deficit on Thursday. In May, the United States incurred a \$8.4 billion gap, and economists said that would widen by at least \$1 billion because of steeply rising imports. The United States and European countries seem happy to let the yen rise, hoping the appreciation of the currency will make Japanese companies uncompetitive on world markets.

"What stirred the market today were the rumors that the Bank of Japan was buying marks for yen," said Steve Flanagan, a yen dealer at Mitsubishi Bank in New York, "and so were many European central banks, to replenish their stock of marks. Also, many U.S. fund managers were taking profits on long yen positions."

But Mr. Flanagan said the underlying reason was speculation a

Franc Hits Postwar Low Against DM

Compiled by Our Staff From Dispatches

LONDON — The French franc came under renewed attack Monday, falling to its lowest point against the Deutsche mark since the German currency was created in 1949.

The franc traded in London as low as 3.5490 francs to the mark before recovering slightly on profit-taking in close to 3,535 francs, down from 3,530 francs at the end of last week. The Paris market was closed for a holiday.

Since the widening of the bands within the European Monetary System on Aug. 2, the French currency has fallen by more than 3 percent from its old floor within the monetary grid, of 3,430 francs.

Analysts said the market was pressing the franc as a result of the reluctance by the Bank of France to cut its interest rates.

In a newspaper interview, François Mitterrand was quoted Monday as saying in his first reaction to last month's market turmoil that speculators had not been trying to bring down the franc but the entire exchange-rate mechanism.

"Rather than draw the conclusion that the system is unnecessary or dangerous, I think on the contrary that it would be advisable to consolidate it," he said.

(Reuters, AFP)

See DOLLAR, Page 10

The New Face of China Carving a Niche in Makeup and Marketing

By Lawrence Malkin
International Herald Tribune

NEW YORK — For generations, the lure of the China trade has been the dream of millions of Chinese themselves. Anyone who could corner the market for toothpaste or soap in the most populous and homogeneous nation on earth could count on cash flow like the Yangtze River.

Open this market to Yue-Sai Kan and you have an object lesson in the tricks of customized marketing in China with a bonus of some of the lore of guanzhi, the Chinese combination of political connections and personal contact essential for doing business in a pre-Enlightenment society of men, not laws.

"All business is cultural," says Ms. Kan, herself a cross-cultural phenomenon who ought to know. Although hers is the best-known face on Chinese television — an instant marketing advantage for any cosmetics producer — she is an American capitalist with her own brand of Chinese red enamel.

Although she spends most of her time in China nowadays, home is a town house off Sutton Place in New York, which she shares with her husband, James McMamus, who runs his own multimillion-dollar marketing business and who provided advice during the three years it took to set up a factory in the Shenzhen Special Economic Zone and organize a national marketing network. All told she has 150 employees.

She is her own best advertisement for her line of 45 beauty products, including lipsticks, rouges, moisturizers and night creams made with Chinese herbs. Launched only six months ago, they are already selling in half a dozen cities in 15 department stores, where trained saleswomen teach the art of makeup. Her digitally enhanced photograph hangs over every Yue-Sai cosmetics counter and is the brand's logo.

"My face is Asian — black hair, dark eyes, small nose, round mouth — and billions look like me," she said. "Nobody ever cared about my makeup needs. I don't want shiny eye shadow. I have puffy eyes. You need to minimize your nose. I need a lining mine out. The standard of beauty that has been pushed on Asian women has always been the beautiful, blonde-haired, blue-eyed woman. What is chic in Europe is what you had to copy everywhere."

"I decided I was not going to be victimized any more as an Asian woman. If someone had really done something like this for me before, I wouldn't have gone into China."

Targeting the Chinese market with her own brand was the rationale for her \$4 million investment in Yue-Sai cosmetics. She declines to give any figures but says her business began making

'My face is Asian and billions look like me. Nobody ever cared about my makeup needs.'

Yue-sai Kan, cosmetics executive

comfortable profits right after last fall's launch, and she foresees no difficulty in meeting her plan to recoup her investment within four years.

She does not expect the government slowdown now under way to put a serious dent in her finances. Indeed, she warned that the Chinese economy "can get way out of hand, and thank God for centralized government to control the pace when they are trying to modernize all those people at one time."

To be fair to her international competitors, successful ones like Avon have adjusted their product line to the demands of Chinese women, and Avon is even manufacturing in China for export.

Avon officials have a healthy respect for Yue-Sai

See MAKEUP, Page 12

VW Posts A Profit For July Report Coincides With New Charge It Took GM Data

By Brandon Mitcheener
International Herald Tribune

FRANKFURT — Amid fresh allegations that members of its top management had engaged in industrial espionage, Volkswagen AG landed its first real public-relations counterpunch to weeks on Monday with the news that it had posted a profit in July.

The profit, the first by the global VW group's German parent company so far this year, was immediately heralded as a turnaround for the troubled automaker, which is Germany's and Europe's largest.

"If we keep going like this, it will take a lot of hard work, but we still have a chance to break even by the end of the year," Chairman Ferdinand Piëch told German television, putting July's parent-company profit at 70 million Deutsche marks (\$41 million).

Previously, VW had reported a group loss of 1.61 billion DM for the first six months of the year.

The disclosure of a single month's profitability is a highly unusual move for VW, and comes as the company is hoping to divert attention from its vicious war of words against the Adam Opel AG unit of General Motors Corp. over José Ignacio López de Arriortúa, the company's controversial new purchasing manager, who left GM to join VW in March.

It will take weeks to consolidate group figures for the month, a spokesman said, but the preliminary parent-company figures were released "to show with numbers that we're on the right track."

Despite the positive results, however, VW shares fell 7.20 DM on the Frankfurt Stock Exchange, to 392.30 DM, even as most other blue-chip stocks rose. The reason for the VW decline, traders said, was a new, detailed report to Monday's issues of the German weekly Der Spiegel, saying aides of Mr. López copied and collected GM company secrets to VW grounds. VW has already admitted to destroying GM data, but so far has denied copying it.

The magazine's report coincided with news that Klaus Liesen, VW's supervisory board chief, had broken off a vacation to oversee an independent auditor's investigation, commissioned by VW, of allegations by GM that Mr. López and seven associates stole corporate secrets when they switched to VW.

Citing sources within VW, Der Spiegel reported that 11 German interns and an unspecified number of López associates "photocopied, manually copied and stored secret data and labels by the pile in computers" to an office complex near VW's headquarters in Wolfsburg shortly after Mr. López left GM in March.

The magazine, which has already forced VW to make several embarrassing confessions, described its new evidence as a smoking gun that would provide the company an excuse to rid itself of Mr. López.

In a separate commentary, the magazine's publisher described Mr. López as an "egotist" who had "bewitched" Mr. Piëch, other members of the VW board of directors and several politicians who had lent the Spaniard moral support.

But Mr. Piëch, in an interview Monday with the German all-news television station N-TV, again stood behind his charge. "I'm convinced this man did not do the things people say he did," Mr. Piëch said.

Adam Opel, the big German operating unit of GM, is VW's chief competitor in Europe.

As announcements of cutbacks at VW accumulate, Mercedes-Benz on Monday announced a 500 million DM expansion at a plant in Kaiserslautern, Germany.

Continental to Cut 2,500 Jobs

Compiled by Our Staff From Dispatches

HOUSTON — Continental Airlines said Monday it would eliminate 2,500 full-time jobs and ball service in nine cities after losing \$24.4 million since emerging from bankruptcy protection in April.

The announcement came less than a week after Northwest Airlines and Continental lost the \$3 billion lawsuit on alleged predatory pricing that they had brought against American Airlines. Continental officials said the job cuts were not related to the outcome of the suit.

The job cuts, the first announced since Continental emerged four months ago from two and a half years under Chapter 11 bankruptcy protection, cover about 6 percent of the 42,000 people employed by the carrier.

While losses between April 28 and June 30 totaled \$24.4 million, losses in the three-month period ended on June 30 a year earlier had totaled \$99.2 million. Results were reported in the separate periods to reflect different accounting procedures for the company before and after its emergence from bankruptcy protection.

"While the results are less than we could have hoped for," said Robert Ferguson, president and chief executive of Continental, "we were pleased that we were able to record revenue and traffic growth rates generally in line with those of our industry competitors."

The staff reductions will be completed by the end of the year, Continental said, and would come to part from attrition.

Of the nine cities scrapped by the airline, three are in the United States: Bismarck and Minot, North Dakota and Spokane, Washington will lose service on Sept. 30.

Internationally, Continental will no longer serve Australia or New Zealand after Oct. 30. The airline will cease operations to Vancouver, British Columbia on Oct. 1 and service to Puerto Plata to the Dominican Republic on Sept. 7.

(AP, Reuters, UPI, Knight-Ridder)

Seoul Moves To Soothe Investors

AFP-Extel News

SEOUL — The South Korean government is preparing a package of measures to ease nervousness in the stock market prompted by its ban on the use of aliases in financial transactions, officials said Monday.

The news prompted a sharp rally in stocks, with the Korea Composite Stock Price Index gaining 25.00 points, to 691.67, after losing more than 59 points Friday and Saturday.

Prime Minister Hwang in Sung was reported as telling the National Assembly that, among other measures, the government would seek special support for small and medium-sized companies.

"In order to calm investors in the stock market, the government will introduce market-stabilizing measures, including one that encourages institutional investment," press reports quoted Mr. Hwang as saying.

Market sources said the government also was considering raising limits on foreign share ownership beyond the current 10 percent.

Seeking to curb tax evasion and corruption, President Kim Young Sam announced a decree Thursday banning aliases in financial deals.

How a BCCI Case Was Lost in U.S.

By Kenneth N. Gilpin
New York Times Service

NEW YORK — The acquittal of Robert A. Altman of all criminal charges by a New York state jury was a stunning defeat for the Manhattan district attorney's office, which had indicted the Washington lawyer on nine counts of fraud and bribery a little more than a year ago.

But lawyers familiar with the case said the loss, which came Saturday, might have been avoided if the district attorney's office had sought a much narrower indictment.

That was the approach taken by the Justice Department when it indicted Mr. Altman in an alleged scheme to deceive banking regulators about the takeover of First American Bankshares Inc. by Bank of Credit & Commerce International. That indictment was handed down the same day as New York's, but the federal case was dismissed in April, without prejudice, in deference to the trial in Manhattan.

Ana Cobian, a Justice Department spokeswoman, said that no decision had been made as to whether to pursue the case, but no lawyers interviewed expected that to happen.

The jurors left little doubt after the trial that they agreed with Mr. Altman's statement after the verdict that "this is a prosecution that never should have been brought."

The prosecutors made promises they failed to fulfill, starting by calling the tale the jurors would hear a "fairly simple case." But the prosecutor took 45 witnesses and more than

The rise of the yen On-going tensions in the currency market A balancing act on trade A buffer zone near Sarajevo

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|------------------|-----------|----------|----------|---------|
| Austria | 6,000 | 3,000 | 1,500 | 1,000 |
| Belgium | 14,000 | 7,000 | 3,500 | 2,000 |
| Denmark | 3,000 | 1,500 | 750 | 500 |
| France | 12,000 | 6,000 | 3,000 | 2,000 |
| Germany | 18,000 | 9,000 | 4,500 | 3,000 |
| Italy | 10,000 | 5,000 | 2,500 | 1,500 |
| Japan | 20,000 | 10,000 | 5,000 | 3,500 |
| Spain | 8,000 | 4,000 | 2,000 | 1,500 |
| Switzerland | 15,000 | 7,500 | 3,750 | 2,500 |
| UK | 12,000 | 6,000 | 3,000 | 2,000 |
| USA | 18,000 | 9,000 | 4,500 | 3,000 |

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THE TRIB INDEX 107.53

International Herald Tribune World Stock Index of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

| Region | Close | Prev. | % Change |
|--------------|--------|--------|----------|
| Asia/Pacific | 132.17 | 131.14 | +0.76 |
| Europe | 101.79 | 101.86 | -0.07 |
| N. America | 91.87 | 91.86 | +0.01 |

| Industrial Sector | Mon. | Pre. | % Change |
|-------------------|--------|--------|----------|
| Energy | 105.16 | 104.25 | +0.87 |
| Utilities | 116.32 | 115.56 | +0.66 |
| Finance | 121.54 | 120.24 | +1.08 |
| Services | 115.02 | 114.73 | +0.25 |
| Capital Goods | 102.29 | 101.78 | +0.50 |
| Raw Materials | 106.84 | 105.02 | +1.54 |
| Consumer Goods | 86.14 | 84.82 | +1.56 |
| Nonferrous Metals | 108.26 | 106.18 | +2.05 |

INTERNATIONAL STOCKS German Shares Prosper Despite Recession Gloom

By Ferdinand Protzman
New York Times Service

BONN — From an unpromising start, 1993 is turning out to be a pleasant, if tricky, year for the German stock market. A summer rally has punched the 30-stock DAX index through the 1,800 level, and some analysts are saying the DAX could approach 2,000 by year's end. Analysts' favorite stocks are banks, chemicals and Allianz AG, the big insurance company. The current optimism is quite a change from the doom and gloom prevalent at the beginning of the year. Back then, Germany was sliding deeper into what became the worst recession since World War II.

Its powerful central bank, the Bundesbank, was keeping interest rates high. The nation's export-oriented industry was suffering from a strong Deutsche mark that boosted its prices abroad and economic weakness throughout Western Europe, its main market.

Analysts, alarmed by the outlook for share prices, counseled caution. But investors ignored that advice. Prices rose in a brisk first-quarter rally, with the buying focused on companies expected to rebound most strongly in 1994 because of serious cost-cutting efforts caused by the economic downturn.

In the second quarter, the economic background remained weak. The recession persisted and share prices gradually retreated. Cautious analysts recommended a handful of blue-chip shares like Deutsche Bank AG, Germany's largest bank, and Allianz.

Then came July and a broad rally that surprised the market and has shown no sign of abating. The DAX stood at 1,545.05 at the end of 1992. On Monday, it finished at 1,912.19, beyond the 1,800 level that the research departments of most German banks were predicting for the end of this year.

While even-cautious market analysts warn that bouts of profit-taking could cause some fairly violent price swings over the next few months, optimism rules the day and further gains are expected. There is plenty of liquidity in the market from foreign and domestic investors. Interest rates are also declining in Germany and elsewhere. Interest rates are also less defensive now," said Heinrich Kropp, managing director of Bank in Liechtenstein (Frankfurt) GmbH. "They are buying in quality, meaning stocks in companies making a profit now, like the construction company Bilfinger & Berger and Continental, which is one of the few concerns in the

See GERMANY, Page 11

CURRENCY & INTEREST RATES

| Currency | 30-day | 60-day | 90-day | 120-day | 180-day | 270-day |
|---------------|---------|---------|---------|---------|---------|---------|
| US Dollar | 1.6869 | 1.6869 | 1.6869 | 1.6869 | 1.6869 | 1.6869 |
| Japanese Yen | 101.575 | 101.575 | 101.575 | 101.575 | 101.575 | 101.575 |
| British Pound | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 | 1.54 |
| French Franc | 6.55 | 6.55 | 6.55 | 6.55 | 6.55 | 6.55 |
| Deutsche Mark | 3.55 | 3.55 | 3.55 | 3.55 | 3.55 | 3.55 |

| Country | Rate |
|-------------|-------|
| USA | 5.25% |
| UK | 7.50% |
| France | 7.50% |
| Germany | 7.50% |
| Japan | 5.25% |
| Canada | 7.50% |
| Australia | 7.50% |
| Switzerland | 5.25% |
| Italy | 7.50% |
| Spain | 7.50% |
| Belgium | 7.50% |
| Netherlands | 7.50% |
| Denmark | 7.50% |
| Sweden | 7.50% |
| Portugal | 7.50% |
| Greece | 7.50% |
| Spain | 7.50% |
| Italy | 7.50% |
| France | 7.50% |
| Germany | 7.50% |
| Japan | 5.25% |
| Canada | 7.50% |
| Australia | 7.50% |
| Switzerland | 5.25% |
| Italy | 7.50% |
| Spain | 7.50% |
| Belgium | 7.50% |
| Netherlands | 7.50% |
| Denmark | 7.50% |
| Sweden | 7.50% |
| Portugal | 7.50% |
| Greece | 7.50% |

U.S. \$500,000

National Westminster Bank
(Incorporated in England with limited liability)

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In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from August 16, 1993 to February 16, 1994 the Notes will carry an Interest Rate of 3.6875% per annum. The interest payable on the relevant interest payment date, February 16, 1994 against Coupon No. 18 will be U.S. \$1,884.72 and U.S. \$1,884.47 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

August 16, 1993

Herald Tribune

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MARKET DIARY

Big Phone Buyout Lifts Share Prices

NEW YORK — Stock prices moved higher Monday on the New York Stock Exchange after news of a multibillion-dollar takeover sparked buying of communications issues.

N.Y. Stocks

The Dow Jones industrial average was up 9.50 points to 3,579.15. Advancers outpaced decliners by a margin of 3 to 2 among common stocks on the New York Stock Exchange. Trading was moderate, with about 2.29 billion shares changing hands.

DOLLAR: Low Rates a Detriment

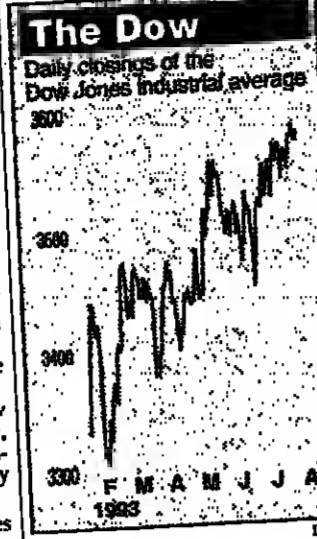
Continued from Page 9 Thursday meeting of top Japanese economic advisers, organized with the goal of stimulating the nation's economy, may lower interest rates.

Foreign Exchange

question of urging a higher yen to stem Japan's trade surplus," Mr. Flanagan said. Among the European currencies, meanwhile, the mark cut into the dollar's recent gains.

World Stock Markets

Table listing stock market performance for various international markets including Amsterdam, Frankfurt, London, Milan, Johannesburg, Hong Kong, Singapore, Sydney, Zurich, Toronto, Tokyo, and Sao Paulo.



NYSE Most Actives

Table listing the most active stocks on the NYSE, including AT&T, IBM, and other major companies.

AMEX Most Actives

Table listing the most active stocks on the AMEX, including various technology and financial stocks.

NASDAQ Diary

Table listing the most active stocks on the NASDAQ, including various technology and biotech companies.

Dow Jones Averages

Table showing the performance of various Dow Jones indices including Industrial, Transportation, Utilities, and Composite.

NYSE Indexes

Table showing the performance of various NYSE index categories such as Composite, Industrial, and Financial.

NASDAQ Indexes

Table showing the performance of various NASDAQ index categories including Composite and Technology.

AMEX Stock Index

Table showing the performance of the AMEX stock index.

Dow Jones Bond Averages

Table showing the performance of various Dow Jones bond averages including 20 Bonds and 10 Utilities.

Market Sales

Table showing market sales data for various categories like NYSE 4 a.m. volume and NASDAQ 4 a.m. volume.

N.Y.S.E. Odd-Lot Trading

Table showing odd-lot trading data for the NYSE, including volume and price changes.

S&P 100 Index Options

Table showing S&P 100 index options data, including call and put options for various months.

EUROPEAN FUTURES

Table showing European futures prices for various commodities like Food and Industrials.

Stock Indexes

Table showing stock index futures prices for various markets including FTSE 100 and Nikkei.

Spot Commodities

Table showing spot commodity prices for various metals and energy products.

Dividends

Table listing dividend-paying stocks and their respective dividend amounts.

Financial

Table showing financial futures prices for various instruments like Treasury bills and bonds.

U.S. FUTURES

Table showing U.S. futures prices for various commodities like Wheat, Soybean Meal, and Live Stock.

Metals

Table showing metal futures prices for various types of copper, silver, and gold.

Live Stock

Table showing live stock futures prices for various types of cattle and hogs.

Financial

Table showing financial futures prices for various instruments like Treasury bills and bonds.

Food

Table showing food futures prices for various commodities like coffee, sugar, and wheat.

Factory Output Edged Up in July

WASHINGTON (Combined Dispatches) — Increased manufacturing of consumer goods helped boost output at U.S. factories, mines and utilities by a moderate 0.4 percent in July after a two-month slump, the government said Monday.

Buffett to Raise Salomon Stake

NEW YORK (Bloomberg) — Warren Buffett, Salomon Inc.'s biggest shareholder, said Monday he planned to make his stake even bigger. A group led by the investor, whose Bear Stearns, Hathaway Inc. investment company also owns chunks of Coca-Cola Co., General Dynamics Corp. and Wells Fargo & Co., filed with the Securities and Exchange Commission for seeking government approval to raise its stake to at least 15 percent.

Textron to Offer Unit to Public

PROVIDENCE, Rhode Island (Combined Dispatches) — Textron Inc. said Monday it planned to offer 7.5 million shares of its insurance subsidiary, Paul Revere Corp., to the public.

Reynolds Announces Cutbacks

RICHMOND, Virginia (Bloomberg) — Reynolds Metals Co. said Monday that it would cut aluminum production 9 percent by late October and slash 25,000 jobs in an attempt to counter the problems of global overcapacity and depressed prices.

Transco Energy to Settle Suit

HOUSTON (Bloomberg) — Transco Energy Co. said Monday that it had agreed to resolve a year-long legal battle with Corpus Christi Gas Gathering Inc. that could result in a \$50 million pre-tax charge to Transco.

Weekend Box Office

Table showing weekend box office receipts for various movies, including 'The Fugitive' and 'The Hunt for Red October'.

Globex Struck by Discord

CHICAGO — The chairman of the Chicago Board of Trade has accused Chicago Mercantile Exchange Chairman Jack Sandner of undermining efforts to expand the exchanges' Globex trading system.

U.S. Bills (MM)

Table showing U.S. Treasury bill yields for various maturities.

U.S. Treasury (CBT)

Table showing U.S. Treasury futures prices for various instruments like Treasury bills and bonds.

U.S. Treasury (NYMEX)

Table showing U.S. Treasury futures prices for various instruments like Treasury bills and bonds.

U.S. Treasury (COMEX)

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U.S. Treasury (COMEX)

Large advertisement for NASDAQ, featuring the text 'TO OUR READERS IN BERLIN' and 'You can now receive the IHT hand delivered to your home or office every morning on the day of publication. Just call us toll free at 0130 84 85 85'.

De Larosière Closes In on EBRD Post.

ROME — Giuliano Amato, former prime minister of Italy, has withdrawn his candidacy for president of the European Bank for Reconstruction and Development, the Italian Treasury announced Monday, leaving Jacques de Larosière of France the likely winner of the post.

EBRD received a letter from Mr. Amato announcing his withdrawal, the Italian director for the London-based bank said. Mr. de Larosière, the governor of the Bank of France, is now the sole European Community candidate to lead the EBRD, which lends money to support market economies in Eastern Europe.

The only other candidate, the former Polish finance minister Leszek Balcerowicz, had some support as a representative of the bank's client countries, but Poland's small shareholding in the bank made his success unlikely, observers said.

The position as the head of the bank was made vacant by the abrupt departure of Jacques Attali of France in mid-July, amid reports of excessive spending on the bank's headquarters and administration. France has indicated a 1991 agreement establishing the bank gave it the right to name the president.

GE Buys Swedish Loan Firm

STOCKHOLM — General Electric Co. of the United States is buying the Finax finance subsidiary of WASA Forskrings AB for \$125 million in cash and \$262.5 million of assumed debt, the companies announced Monday.

At the end of last year, Finax had outstanding loans of 3.7 billion kronor (\$450.3 million at the current exchange rate), 72 percent of which were to Swedish borrowers. Finax owns four Swedish and one Norwegian consumer-finance companies that make unsecured personal loans and provide credit cards to about 400,000 customers.

Finax reported 1992 pretax income of 190 million kronor, including provisions for bad loans.

The purchase is being effected by GE Capital Corp., the General Electric financing subsidiary.

GE Capital provides specialty insurance, consumer-finance services and equipment leasing.

"The addition of Finax further broadens our consumer-finance presence in Europe," said Edward D. Stewart, executive vice president of GE Capital.

WASA said the sale would allow it to focus on its core insurance business. The sale also helps reduce debt at WASA's holding company for noninsurance operations.

In March 1992, WASA said it was transferring its international insurance operations to Eurokro BV, a venture the Swedish company has with Topdanmark A/S of Denmark, AVCB Holdings of the Netherlands, and Friends' Provident Life Office of Britain. Those companies also were contributing their international operations.

(Reuters, Bloomberg)

Assets of Ferruzzi Worth Less Than Thought, Court Told

ROME — Assets seized by Montedison SPA's new management team from previous management members are not worth 500 billion lire (\$310 million), a court hearing established on Monday, the Italian news agency ANSA reported.

The new management at the troubled agrochemical group was given permission by Milan's civil tribunal this month to seize assets from the previous managers and some members of the controlling Ferruzzi family.

In a court hearing Monday, lawyers handling the case said the value of the assets seized was "far from the 500 billion lire requested by Montedison," ANSA said. The Ferruzzi family, which controls Montedison through the holding company Ferruzzi Finanziaria SpA, last June called in creditor banks to work out a restructuring plan for the group when its gross debt of 31 trillion lire became unmanageable. The banks have installed new management and effectively taken control of the Ferruzzi family stake.

The court postponed until the end of August a final decision on an injunction to freeze up to 3 trillion lire of assets.

The action allows the assets, including shares and property owned by the family, to be frozen so Montedison can be assured of being paid if it wins a later suit for damages.

The defendants can continue using the property while it is frozen. Lawyers acting for both sides said the delay was to let plaintiffs and defendants prepare documents. Acting on the injunction, the courts have already seized control of elegant 18th-century palaces owned by the Ferruzzi in the Adriatic town of Ravenna, the family seat.

(Bloomberg, Reuters)

Euro Disney Denies Plans to Close

PARIS — Struggling with sagging revenues and growing losses, Euro Disney denied Monday that it was considering shutting down altogether but said temporary closure over-season was not ruled out.

"A shutdown of the park was never envisaged," the Euro Disney president, Philippe Bourguignon, said in a statement. He was responding to a report in The Sunday Times of London citing a Euro Disney spokesman that Disney and California-based Walt Disney executives over the weekend discussed in "crisis talks" a number of options, including "potential closure."

Mr. Bourguignon said that "no crisis meeting took place last week," and added that "no spokesman for Walt Disney Co. or Euro Disney made statements on those subjects."

But a Euro Disney spokeswoman acknowledged seasonal closure "may be a possibility. It's not ruled out, but it's not a probability," Debra Gawron said in a telephone interview. "It's not on the drawing board as far as I know."

She would not say when any such closure might occur, though one 1,100-room hotel at the amusement park east of Paris was shut down amid lower-than-expected turnout last winter.

Ms. Gawron confirmed that meetings were held over the weekend between executives from Euro Disney and Walt Disney. But she said Walt Disney executives were often at Euro Disney for regular meetings.

The Euro Disney park has lost money since it opened in April 1992.

GERMANY: Share Prices Advance Despite the Recessionary Gloom

Continued from Page 9

German auto sector that will make money this year. There will be more volatility, but the DAX could hit 1,950 by year's end."

Analysts said the rally had been supported by the trend toward lower interest rates, the dollar's gains against most European currencies in recent months, and expectations of higher corporate profits next year.

Like most European houses, Frankfurt also benefited from the monetary crisis this month that remained in seven of the nine currencies in the European Monetary System being allowed to float freely in a broad range against the Deutsche mark. That is seen as allowing Germany's trading partners to lower their interest rates, thus stimulating growth throughout Europe and brightening the picture for German exports. France, Germany's primary trading partner, has already begun easing its rates.

Such moves have added momentum to an upward trend that began July 7, ignited by the agreement reached at the Tokyo economic summit at meetings of the United States, Japan, the European Community and Canada.

As the rally progressed, analysts expanded their lists of recommended stocks. The banking sector is a heavy favorite, with Deutsche Bank topping the list, followed by Dresdner Bank AG, the nation's second-largest. Chemical stocks are also recommended. Allianz remains a consensus pick because of improved results in its foreign operations and its success in restructuring and cutting costs.

Media Moves at Philips

AMSTERDAM — Philips Media, a newly created unit of Philips Electronics NV, said Monday it had taken the first steps to reorganize the company's global software and distribution operations to create an electronic-media business that would compete with the giants of electronic publishing.

Scott Marden, president of Philips Media, said the first change would be the integration of Philips' electronic-publishing and production activities worldwide into an internal group which will be organized around target market segments under six label groups.

It said the second move in the reorganization would be the creation of an international marketing and distribution unit.

Philips Media said the reorganization would particularly help the company to capitalize on its stake in Whittle Communications of the United States. This unit includes the Channel One cable network, which reaches around 8 million viewers.

(Reuters, AFP)

DEAL: AT&T Agrees to Pay \$12.6 Billion to Take Over McCaw Cellular, U.S. Leader in Wireless Technology

Continued from Page 1

Bell telephone system, was more specific: "Telecommunications is growing and converging with other industries so fast that it was almost impossible in our discussions to define and divide future opportunities between the two companies."

AT&T is strong in network communications and computerized switching, which can reach into and transfer large amounts of information from data banks or switch an individual call from one part of the country or the world to another in nanoseconds. McCaw can deliver this information to a customer's place of business or leisure. Numerous examples of its uses were cited by officials of both companies.

A core salesman stocking shelves in a supermarket can check his company's computerized inventory in another city by cellular telephone to find the latest prices and specials; a vending-machine salesman making his rounds can "phone ahead" to a machine and check on what needs to be restocked and how much.

Or, as Mr. Allen said in what some might regard as a vision of hell, the technology can handle "fading from the beach," if that's what customers want.

Ronald L. Aitman, managing director for telecommunications at Furman Selz, a New York investment house, said the deal made sense for both companies — McCaw because of its expansion swallows more capital than Wall Street can provide, and AT&T because it needs to broaden its domestic long-distance service, which is growing by only 2 percent a year.

One problem, he warned, may be posed by local Bell operating companies. The companies, he said, might use this fact as an argument to loosen regulations that prohibit them from handling intercity calls, which account for 70 percent of the volume of America's telephone business and 50 percent of its revenue.

But for technical and marketing advances, Mr. Aitman said, the big plus is that the two companies can serve as "a laboratory in the United States," with the rest of the world as a marketplace.

Mr. Allen stressed this point in the context of his recent visit to China. "There is an opportunity for networking, wireless communication and full telecommunications as they develop a modern system," he said of the Chinese market.

This was seconded by James Barksdale, McCaw's president and a Federal Express veteran, who will join AT&T as the chief of its wireless service business. He said that many developing countries are jumping directly to cellular and other wireless communications to modernize their antiquated telephone networks. The combination of services offered by the merged company, he said, would be unbeatable.

Investor's Europe

| Exchange | Index | Monday Close | Friday Close | Change |
|-----------|--------------------|--------------|--------------|--------|
| Amsterdam | CBS Trend | 127.90 | 128.40 | +0.50 |
| Brussels | Stock Index | Closed | 6,906.88 | |
| Frankfurt | DAX | 1,912.19 | 1,906.58 | -0.29 |
| Frankfurt | FAZ | 799.52 | 796.18 | -0.93 |
| Helsinki | HEX | 1,427.92 | 1,441.30 | +0.93 |
| London | Financial Times 30 | 2,347.60 | 2,350.70 | -0.55 |
| London | FTSE 100 | 3,008.30 | 3,010.10 | -0.05 |
| Madrid | General Index | Closed | 278.48 | |
| Milano | MIB | 1,303.00 | 1,296.00 | +0.54 |
| Paris | CAC 40 | Closed | 2,148.00 | |
| Stockholm | Affarsvaeriden | 1,834.56 | 1,855.69 | -1.37 |
| Vienna | Stock Index | 429.05 | 431.11 | -0.48 |
| Zurich | SBS | 851.00 | 848.00 | +0.59 |

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- RTZ Corp., the British mining company, said it was in talks to sell its building and electrical-products division to MB-Caradon PLC.
 - The EC said it would investigate the competitive implications of a merger of the potash and salt production unit of West Germany's BASF AG with Mitteldeutsche Kali, an East German company in the same business.
 - Saab Automobile AB posted a pretax loss in the first half of 684 million kronor (\$83.2 million), narrowed from 782 million kronor a year ago, and cited the effects of startup costs for its new 900 model.
 - SOFFEX, Switzerland's options and futures exchange, has suspended plans to take part in the European Options Exchange for at least a year.
 - Karstadt AG, the German retailer, said it was holding talks with its rival Hertie GmbH on possible cooperation in storage and delivery.
 - Metro, the Swiss-German trading group, offered to buy the 35 percent of the German retailer Massa AG that it does not already own through a share swap.
 - Viva, a commercial television venture based in Cologne, aims to lure young Germans from U.S. and British video programs by promising that at least 40 percent of its rap, soul and hip-hop will be sung in German.
- AP, AFP, Bloomberg, Reuters

Dutch Exchange Seat Is Lost

AMSTERDAM — A Dutch brokerage firm, Nusse Brink Commissioners BV, lost its membership on the Amsterdam Stock Exchange Monday because it was unable to pay for borrowed shares when obliged to do so, the exchange said.

Nusse Brink was suspended two weeks ago after a rally on the Dutch stock exchange made it impossible for the company to buy the stock it had sold short, or sold without owning in the expectation that prices would fall.

The company, which deals on behalf of medium-sized to large private investors, had no comment.

The exchange said it was also talking with Premie en Effectenkantoor van den Broek BV, the clearing unit of the Dutch investment bank Van Meer James Capel, itself a unit of HSBC Corp. The clearing unit had extensive dealings with Nusse Brink.

NASDAQ

Monday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 100 most traded securities in terms of dollar value. It is updated twice a year.

| 12 Month High | 12 Month Low | Div | Yld | PE | 52 | High | Low | Latest | Chg |
|---------------|--------------|------|-----|----|-----|------|-----|--------|-----|
| 120 | 100 | 1.00 | 4.5 | 15 | 100 | 110 | 105 | 108 | +3 |
| 150 | 130 | 0.50 | 3.5 | 20 | 130 | 140 | 135 | 138 | +3 |
| 200 | 180 | 0.75 | 4.0 | 18 | 180 | 190 | 185 | 188 | +3 |
| 250 | 230 | 0.60 | 3.8 | 22 | 230 | 240 | 235 | 238 | +3 |
| 300 | 280 | 0.80 | 4.2 | 16 | 280 | 290 | 285 | 288 | +3 |
| 350 | 330 | 0.90 | 4.3 | 17 | 330 | 340 | 335 | 338 | +3 |
| 400 | 380 | 1.00 | 4.4 | 16 | 380 | 390 | 385 | 388 | +3 |
| 450 | 430 | 1.10 | 4.5 | 15 | 430 | 440 | 435 | 438 | +3 |
| 500 | 480 | 1.20 | 4.6 | 14 | 480 | 490 | 485 | 488 | +3 |
| 550 | 530 | 1.30 | 4.7 | 13 | 530 | 540 | 535 | 538 | +3 |
| 600 | 580 | 1.40 | 4.8 | 12 | 580 | 590 | 585 | 588 | +3 |
| 650 | 630 | 1.50 | 4.9 | 11 | 630 | 640 | 635 | 638 | +3 |
| 700 | 680 | 1.60 | 5.0 | 10 | 680 | 690 | 685 | 688 | +3 |
| 750 | 730 | 1.70 | 5.1 | 9 | 730 | 740 | 735 | 738 | +3 |
| 800 | 780 | 1.80 | 5.2 | 8 | 780 | 790 | 785 | 788 | +3 |
| 850 | 830 | 1.90 | 5.3 | 7 | 830 | 840 | 835 | 838 | +3 |
| 900 | 880 | 2.00 | 5.4 | 6 | 880 | 890 | 885 | 888 | +3 |
| 950 | 930 | 2.10 | 5.5 | 5 | 930 | 940 | 935 | 938 | +3 |
| 1000 | 980 | 2.20 | 5.6 | 4 | 980 | 990 | 985 | 988 | +3 |

Stocks Set Record in Hong Kong

Compiled by Our Staff From Dispatches
HONG KONG — The Hang Seng Index closed at a record high Monday as retail and institutional investors snatched up blue-chip shares in late trading.

The index jumped 97.34 points, or 1.32 percent, to close at 7,489.49, its highest for the day, in moderate trading aided by selective buying from overseas investors.

Its previous closing high was 7,447.24, set May 27.

European investors turned positive about Hong Kong again, partly due to the confidence in Vice Premier Zhu Rongji's ability to put China's economy back on the right track, said Larry Tam, executive director at Sun Hung Kai Securities.

Brokers said the market was unaffected by Monday's talks between Britain and China on Hong Kong's political future. The first day of the ninth round of talks ended in Beijing with no announcement of any progress. Another meeting was set for Tuesday.

Some investors may have been cheered by the unexpected passing Sunday of China's deadline for the recall of unauthorized loans by the country's state banks.

"There hasn't been any bad news from China on banking or the financial system, which may have come as a relief to some people," a Hong Kong broker said.

Alex Tang of Dao Heng Securities said some interest also had been stirred by rumors that China would give its blessing to financial arrangements for the territory's multibillion dollar new airport, which has been the subject of a dispute related to the British-Chinese talks.

"Investors were overwhelmed by the speculation on both political and economic fronts," Mr. Tang said.

(Reuters, Knight-Ridder, AFP)

Malaysia Wage Bill Rises Officials Fear Losing Competitiveness

Reuters
KUALA LUMPUR — Wage increases in Malaysia are outstripping gains in productivity and could jeopardize the competitiveness of the country's exports, analysts and officials said Monday.

"Malaysia has begun to feel the erosion of its wage competitiveness," said Lin See Yan, deputy governor of the central bank, Bank Negara.

Wages in Thailand, Indonesia and emerging economies such as China, Vietnam and Cambodia are lower than Malaysia's, he said at a conference on competitiveness.

Wages in the manufacturing sector rose by 3.3 percent while productivity fell by 2 percent in 1990, Mr. Lin said. "As a result, per-unit labor costs rose by 5.4 percent in 1990," he said.

He said wages had been rising mainly because of the country's strong economic growth, which has averaged more than 8 percent in the last five years, and a shrinking labor market.

"While a rising wage bill isn't a problem," Mr. Lin said, "there is concern when higher wages are not consistently matched by increases in productivity, as was the case in 1992 and the first quarter of 1993."

From 1985 to 1990, productivity grew at an average of 4.96 percent a year, while labor costs per employee grew an average of only 0.47 percent, said Wan Azmi Wan Hanzah, chairman of Land & General Bhd.

"However, it is disheartening to note that during the 1988-1990 period, our labor productivity grew an average 4.57 percent annually while the labor cost per employee grew by 3.77 percent annually," he said.

Mr. Wan Azmi said the growth in costs was expected to come even closer to productivity growth in the figures for 1990-93 in Malaysia, where the unemployment rate is 4.0 percent.

As an economy with a labor shortage, Malaysia should shift to industries that rely more on skills and technology to sustain its competitiveness, he said.

But Mr. Lin of Bank Negara said the adverse impact of uncompetitive wages would also discourage other countries from setting up offshore-production bases in Malaysia, resulting in a loss of "technology transfer and employment opportunities."

Higher wages would also set off a fresh round of wage-push inflation when producers pass on higher costs to consumers.

Prime Minister Mahathir bin Mohamad told reporters that the economies of certain Western countries were performing poorly because workers' wages were being increased even when their employers were not making profits.

Mr. Mahathir said the government planned to give its workers bonus payments if their productivity rose significantly.

Philip Morris Signs Agreement to Make Marlboros in China

Compiled by Our Staff From Dispatches
HONG KONG — Philip Morris Cos. signed a cooperation agreement in Beijing on Monday to produce and sell its popular Marlboro cigarettes in China.

In announcing the partnership, the New York-based tobacco, food and brewing conglomerate said its Philip Morris Asia Inc. subsidiary and China National Tobacco Corp. the state cigarette monopoly, would also work together to develop and produce other brands of cigarettes for domestic and export sales.

No estimates of the value of the contract were disclosed. China National Tobacco currently makes more than 1.5 trillion cigarettes annually in its 180 factories.

Philip Morris Asia said both sides would "work together in a variety of development and production functions, including leaf-processing, operations and product development."

Marlboro, the world's most popular cigarette, has been available in major Chinese cities for several years, mainly at foreign-exchange outlets and on the black market.

Peter Barnes, president of Philip Morris Asia, said the accord was "the culmination of a series of wide-ranging discussions we've had during the past year" with China National Tobacco.

The agreement involves an unprecedented level of cooperation and sharing of resources, including technology, personnel and production techniques, the company said.

The president of China National Tobacco, Xun Xinghua, said the accord would "further promote and continue the modernization and development of the Chinese cigarette industry" and pave the way for the state concern to "play a larger role in the global industry."

The announcement came only a few weeks after Philip Morris said it would invest more than \$60 million in another giant cigarette market, Russia. The company said in late June it planned to acquire a majority stake in the Krasnodar Tobacco Factory in southern Russia from that country's regional State Property Fund.

(AFP, Bloomberg, Reuters)

| Investor's Asia | |
|-----------------|--------|
| Index | Change |
| Hong Kong | +97.34 |
| Singapore | +1.20 |
| Sydney | +1.50 |
| Tokyo | +1.80 |
| London | +1.20 |
| Frankfurt | +1.10 |
| Paris | +1.00 |
| Amsterdam | +1.10 |
| Stock Exchange | +1.20 |
| Commodity | +1.10 |
| Stock Index | +1.20 |
| Nikkei 225 | +1.80 |
| DAX | +1.10 |
| FTSE 100 | +1.20 |
| S&P 500 | +1.10 |
| Hang Seng | +97.34 |
| ASEQ | +1.20 |
| ASX 200 | +1.50 |
| TOPIX | +1.80 |
| IBEX 35 | +1.10 |
| EURO STOXX | +1.10 |
| NYSE | +1.20 |
| NASDAQ | +1.10 |
| AMEX | +1.10 |
| NYSE | +1.20 |
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China Sets Loan Policy

Compiled by Our Staff From Dispatches
HONG KONG — China's top foreign-exchange bank, the Bank of China, will favor loans to foreign-funded public works projects, the official Xinhua News Agency said Monday.

Preference will be given to developing the energy, telecommunications, transport and raw-materials industries, officials said, adding that all banks in China that extend loans to foreign-funded ventures would follow this policy.

Separately, the Economist Intelligence Unit said China's overvalued economy was likely to lead to a reversal of policy.

"The boom that started in early 1992 has brought with it the familiar problems of inflation and supply bottlenecks that will inevitably prompt the government into a clampdown on credit, investment and imports," a review said.

(Knight-Ridder, Reuters)

Japan to Consider Stimulus

Compiled by Our Staff From Dispatches
TOKYO — Finance Minister Hirohisa Fujii said Monday that a meeting would be held Thursday among ministers concerned with the economy to discuss whether the government should launch a fresh package of stimulative measures.

Mr. Fujii said there would be a review of past packages, which have focused on public works.

The Nikon Keizai Shimbun reported Sunday that the ministers at the meeting were expected to make the Economic Planning Agency retract a declaration made in June that the economy had already bottomed out.

Takao Komine, director of the agency's First Domestic Research Division, said he had not heard of such intentions within the government. But he said that the agency may have to retract its statement if summer and fall data show that the Japanese economy has worsened.

The agency said in June that the economy had bottomed out but did not say when that had occurred.

Mr. Fujii also said that the recent rise of the yen was too rapid and that his government was "monitoring the movement with grave concern." He added that "Japan will consult with other nations and deal with the situation appropriately." But he denied the possibility that the Group of Seven industrialized countries would soon hold any emergency meeting to discuss the currency markets.

(Knight-Ridder, AFP, AFX)

ROUGE: Yue-sai Kan Launches Line of Cosmetics in China Tailored for Needs and Tastes of Asian Women

Continued from Page 9

cosmetics, but the two are not in head-to-head competition in department stores because the company, true to its door-to-door traditions, put China's Avon ladies on bicycles.

But no other foreign-owned company (or Chinese, for that matter) had developed a new line of cosmetics specifically for Asian colors and features, priced the line competitively and accompanied it with a videotape and book giving a home-makeup course to women who only a decade ago were emerging from the national chrysalis of the hollersuit.

A Yue-Sai lipstick sells for the equivalent of \$6.50, slightly above Avon and the local Ulei brand, which go for about \$4, but far below the \$35 to \$45 range of Max Factor and Christian Dior. As for the Japanese, Ms. Kan finds them no contest: "They are manufacturing-driven and not market-driven, and they think that if a product is good in one country it's good in another."

In a furiously Westernizing China, Yue-sai is named Feather of the West. Raised in Hong Kong and schooled in Hawaii, she went into the Chinese import-export business with her sister in New York in 1975 but soon sold her share to become an anchorwoman here for cable TV shows about Asia.

In 1987, China Central Television began a weekly documentary series entitled "One World" to open the world to its 400 million viewers and invited her to anchor the show. Ms. Kan appeared on the show for three years and became an instantly recognizable combination of America's Barbara Walters and France's Christine Ockrent.

When she decided to go into the cosmetics business shortly after her marriage four years ago, her renown immediately opened doors for her in China — "If I don't know them, they know me." Free makeup courses to wives of leading politicians and the leaders of the powerful Women's Federation didn't hurt, either. The business was registered and the factory sited in Shenzhen in a record 16 working days.

Brides? "I can't afford to bribe anybody," she said — not unless you count all those signed photographs for the idolizing daughters of junior bureaucrats and dinner invitations to their seniors, all of whom have seen her on TV.

Customs administrators helped speed her deliveries, although she has to order her raw materials from the United States at least six months in advance; when the chief customs collector goes on vacation, everybody waits.

When one senior political leader, whom she declines to name, asked her how she was getting along, she recounted her troubles in obtaining a counter at one department store because Yue-Sai was not yet a famous label like Dior or Elizabeth Arden. The next night she found herself invited to dine with the head of the store's conglomerate owner, of whose existence she had never heard. It turned out that the politician had once allocated credit to the businessman and that became the foundation of his fortune. The businessman returned the favor via Ms. Kan and allocated her space in the store.

In another city, the way was cleared by more rough-and-ready means over dinner with the vice mayor. When she mentioned a local store that was blocking her, he replied, "If they give you a hard time, let me know, and I will stop their water and gas." Not surprisingly, that turned out not to be necessary.

The lessons of all this are obvious to those with less guano than Ms. Kan. She advises less well-connected foreigners to get a good Chinese banker, go into a joint venture and above all, "find people who know people."

"To run a successful business in China you must have a lot of ears, a lot of eyes, a lot of noses and a lot of mouths on your behalf," she said. "You have to have terrific people who listen for you, talk for you, see for you, and try to feed information to you."

Keeping up is essential because things change so fast. Two years ago she was told that every investment in Shanghai had to make its way through the municipal bureaucracy, but three months later she was having dinner with her neighborhood leader when she learned that he had authority to approve any investment of less than \$5 million.

"It used to be that everything had to go to Beijing and back," she said. "But every two or three months it seems there is another explosion, another loosening, and I'm right in the middle of it."

Australia Rejects Plea From United Airlines

Reuters
CANBERRA — Officials on Monday rejected a complaint by United Airlines that government regulations would make its proposed flights to Australia via Tokyo unprofitable.

A spokesman for Transport Minister Bob Collins said the government believed that its regulations were reasonable and was surprised by the American carrier's criticism.

United's general manager for Australia, Anne Keating, who is Prime Minister Paul Keating's sister, said the airline wanted its complaint discussed at talks on air traffic being held between the two countries next week.

She said United had been trying for six years to get permission for daily flights.

United has said that it wanted to launch a New York-Tokyo-Sydney service but that Australian regulations limiting the number of passengers it could pick up in Japan would make the service unprofitable.

The government spokesman said Canberra had approved United's application for the route on the condition that it meet the capacity regulations.

The case follows a similar dispute between Australia and Northwest Airlines.

| AMEX | | | | | | | | | |
|--|-----|------|------|-------|-----|------|-----|--------|-----|
| Monday's 3 p.m. | | | | | | | | | |
| Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press | | | | | | | | | |
| 12 Month High | Low | Div | Yld | PE | 52 | High | Low | Latest | Chg |
| 44 | 24 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 45 | 25 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 46 | 26 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 47 | 27 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 48 | 28 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 49 | 29 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 50 | 30 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 51 | 31 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 52 | 32 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 53 | 33 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 54 | 34 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 55 | 35 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 56 | 36 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 57 | 37 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 58 | 38 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
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| 60 | 40 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 61 | 41 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
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| 63 | 43 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 64 | 44 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 65 | 45 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 66 | 46 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 67 | 47 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 68 | 48 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 69 | 49 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 70 | 50 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
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| 72 | 52 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 73 | 53 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 74 | 54 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 75 | 55 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 76 | 56 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 77 | 57 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 78 | 58 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 79 | 59 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 80 | 60 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 81 | 61 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 82 | 62 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 83 | 63 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 84 | 64 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 85 | 65 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 86 | 66 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 87 | 67 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 88 | 68 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 89 | 69 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 90 | 70 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 91 | 71 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 92 | 72 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 93 | 73 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 94 | 74 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 95 | 75 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 96 | 76 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 97 | 77 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 98 | 78 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 99 | 79 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |
| 100 | 80 | 0.00 | 0.00 | 10.00 | 100 | 110 | 10 | 100 | 0 |

BUSINESS TRADE OPPORTUNITIES

Indonesia

State Projects Open to Private Sector

The "Ring of Fire," the term used to describe Indonesia's volcanic origins, could just as easily describe its explosive growth. Today's challenge is to provide an infrastructure that can keep pace with this growth.

Indonesia, whose name is taken from the Greek words "Indos" ("Indian") and "nesos" ("islands"), is an archipelago comprising 13,667 islands stretching 5,120 kilometers (3,174 miles) along the equator. It is the world's fourth most populous country and largest Muslim nation. The nation's geographical fragmentation makes its unified aspirations and economic achievements on behalf of its 185 million people even more noteworthy.

Since 1967, when President Suharto, now in his sixth consecutive five-year term, initiated Indonesia's transformation into a modern state, the country's economic and social development has been guided by a team that governs on the principle of steady, broad-based growth.

For 26 years, Indonesia has experienced an average annual economic growth rate of 7 percent in real terms. Since 1967, when 60 percent of the population was classified as poor, per capita GNP has risen from \$70 to \$570. A food importer in the 1960s, Indonesia achieved self-sufficiency in food production in the 1980s.

Off its shores are rich fields of oil and gas whose export earned 80 percent of Indonesia's revenue in 1982. Petroleum fueled an economic boom in the 1970s, with the earnings farsightedly poured into the creation of new, non-oil industries. When oil prices plummeted in the early 1980s, the economic base was broad enough to enable the country not only to survive but also to thrive.

Indonesia's economy continued to be diversified to the point that in the 1993-94 national budget, only 27.1 percent of revenues will come from oil products.

The 1991-92 ranking of major exports was as follows: oil and oil products, \$6.87 billion; textiles, garments, and handicrafts, \$4.34 billion; liquefied natural gas, \$3.84 billion; timber, \$3.70 billion; rubber, \$3.93 billion. Energy imports were down 6.7 percent from 1991, to \$1.5 billion; non-oil imports rose 6.1 percent, to \$20.8 billion.

Along with its industrialization efforts, the government in the early 1980s began to dismantle its protective barriers, a legacy of colonial occupation and perceived threats to national sovereignty. The past decade has seen the steady removal of many tariff, import license and export regulations, and of non-tariff barriers to trade and to foreign participation in the Indonesian economy.

The result has been an explosion of investment. Domestic investment in 1992 totaled \$14.3 billion, down from a high of \$27 billion in 1990. Overseas investors poured \$34 billion into Indonesia between 1987 and 1992. The recent slowdown in investment is attributed to a tight money policy instituted by the government to counter threatened overheating and to reduce inflation.

Several planned foreign-financed projects, once approved, will eventually produce an additional \$85 billion in non-oil-product revenues annually.

The government's challenge is to keep this momentum going and to achieve an annual growth rate of 6.2 percent, much of it from new foreign investment. The new 41-member cabinet must contend with two key obstacles in order to keep investment capital flowing into Indonesia.

"The main problems are inadequate physical and human infrastructure, and insufficient public and private investment," says Mari Pangestu, head of the Department of Economic Affairs of the Center for Strategic and International Studies, a private think tank. "We also need to improve not just the quantity but also the quality of investments," she adds.

Indonesia's rapid growth has put tremendous pressure on its infrastructure. In response, the government is using its own revenues as well as foreign funding to finance improvements. In July 1992, the World Bank-led Consultative Group on Indonesia allocated \$4.94 billion in soft loans for the purpose. Indonesia is also inviting the private sector to participate, an option investors have welcomed.

"The government realizes that it does not have the resources to solve all the problems, so we have invited private-sector participation in power generation and road, telephone network and harbor construction," says Sanyoto Sasrowardoyo, the country's investment minister and chairman of the Board of Investment.

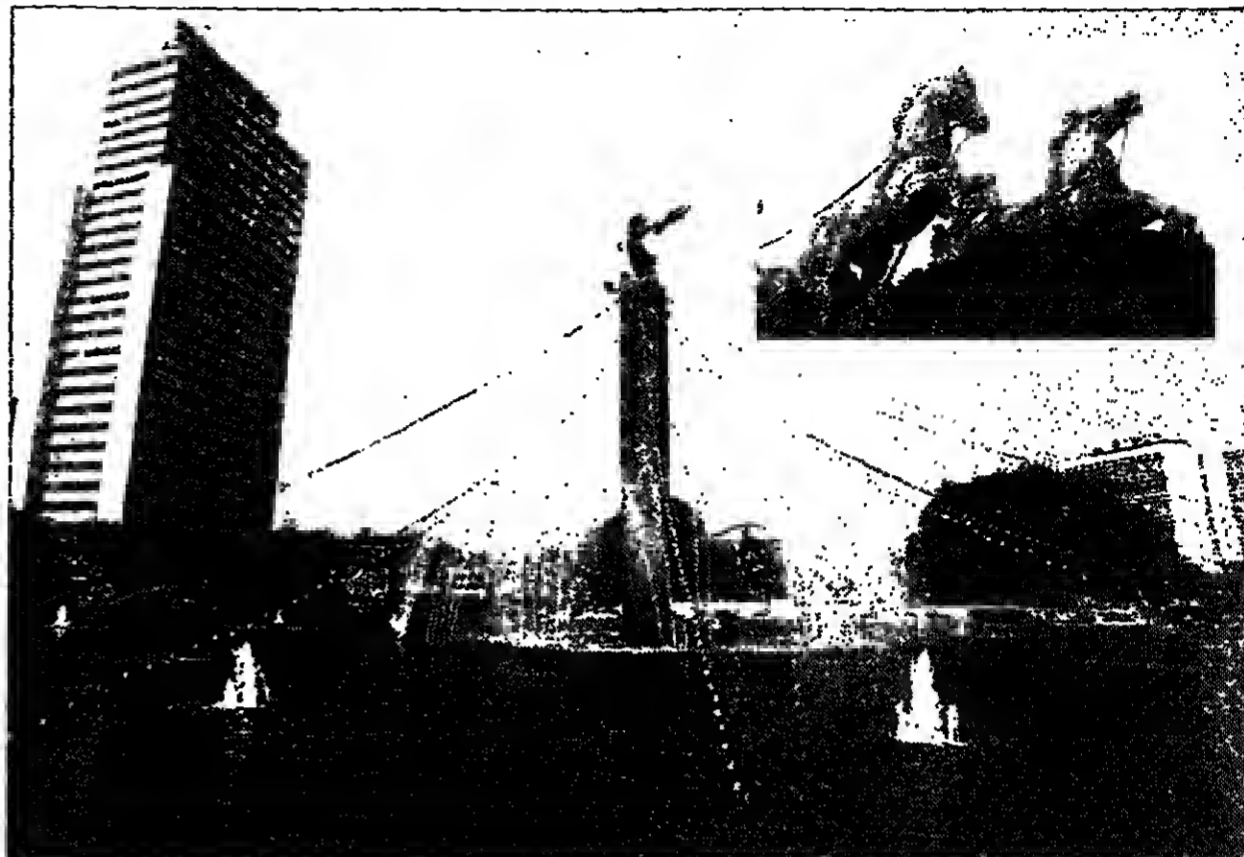
The Ministry of Mines and Energy anticipates that by 2000, Indonesia will need an additional 23,000 MW of power. The government plans to invest \$30 billion by 2000 - with funding from the World Bank and the Asian Development Bank (ADB) - to provide 13,000 MW. Projects to achieve the remaining 10,000 MW would be financed by the private sector, presenting investors with a good business opportunity.

Similarly, the private sector has been invited to build roads and collect tolls. Plans call for the augmentation of the present 390.78 kilometers of toll roads by an additional 821.5 kilometers by 1996. To expand the telecommunications network, the World Bank is providing a \$360 million loan and the ADB a \$300 million loan to add 5 million telephone lines over the next five years, bringing Indonesia's total telephone connections to 6.5 million.

A more pressing problem is securing employment for

Continued on Page III

Average annual growth of 7 percent over 26 years



Moving into the 21st century: the chariot of the gods (inset) on Thamrin Avenue, Jakarta's main thoroughfare.

PLANNING FOR STABLE, EQUITABLE GROWTH

Page I Overview: Expanded role for private sector Economy: Sharpening the investment profile Page II Content: A top Asian market Investments: Nuts and bolts Real Estate: The new frontier Page III Textiles: A pattern of independence Financial Sector: Banking on prudence Page IV Ecotourism: Natural beauty Hotels: A room boom in progress

Economy: Adapting Rules to Reality

In the following interview, Saleh Afiff, Indonesia's coordinating minister of economy, finance and development supervision, discusses the country's development plans.

Indonesia's rapid growth over the past decade has been due in large part to a government decision in the early 1980s to move away from dependence on oil exports. How did Indonesia manage the switch to a non-oil based economy?

We began our deregulation process in the early 1980s with the initial reform of our financial sector in 1983 and then the tax reform of 1984. When the world price for oil dropped from \$25 to \$10 per barrel in a 10-month period, we realized we had to continue to restructure the economy. We did this through a series of investment and trade deregulation measures. As a result, Indonesia became an attractive magnet for foreign investment. Investment grew rapidly through 1992, although it has slowed somewhat since then. The downturn came about, of course, from the world recession and greater worldwide competition for investments. To remain an attractive destination for investment, we must reduce bureaucratic red tape. Otherwise, we cannot compete with China and Vietnam.

How do you propose to attract more foreign and domestic investment?

By learning from the business community about the problems it is facing, such as complicated licensing procedures. We rely on businessmen's input to make the appropriate changes in our investment rules. We sup-

port the business community because it is contributing to our development efforts. We are planning to continue deregulation and simplification of licensing and approvals, and we will issue new directives by the end of August. This is the continuation of the long-term reform process that is by no means over. At the moment, for instance, we require that a foreign investor partially divest to his Indonesian partner over a 20-year period, although there are exceptions - in export processing zones,



Saleh Afiff: Goals are "growth, equity, and stability."

for example. Foreign investors are not happy with this arrangement, so we are studying how to change it. Twenty years is too short a time for a long-term project. It is the same with land leases, which are valid for an initial period of 30 years. In China, investors are given 50-year land permits for industrial projects and 70-year leases for housing projects. This makes Indonesia less attractive, so we are working to revise the regulations.

What are the advantages for a foreign investor?

There are many. We have maintained a freely convertible foreign-exchange system for the past 20 years. Our banking system is developed and can provide a wide variety of services to the business community. Our labor costs are low, and our workers are productive. And we are well endowed with natural resources. We are also the sixth-largest market in the developing world. This gives the foreign investor a domestic market to sell to, since foreign investors are not re-

quired to produce solely for export. At the moment, it is not economically viable to produce some products primarily for the domestic market, but as we grow, the domestic market will become more and more attractive.

How will Indonesia's sixth five-year plan (1993-1998), now being developed, differ from those of the past?

In terms of macroeconomic policies, there will be few changes. For the last 25 years, we have tried to maintain a balance among what we see as the

three objectives of development: growth, equity and stability. Because the majority of Indonesians work in agriculture, we have invested heavily in that sector to meet our three development objectives. But the economy is shifting gradually to more manufacturing and to industrial activities, and our policies must take account of this shift.

What are the constraints on continued rapid development?

We are lagging in infrastructural development. We are trying to improve and expand our road network as well as our electricity-generating facilities, and we are even inviting the private sector to participate. To meet some of our electricity needs, we are negotiating for a big coal-fired electricity-generating plant at Patitan in east Java. Since we have substantial coal reserves in Kalimantan, we will have a secure source of fuel. After hydropower, coal-fired generating plants are, for us, the cheapest source of energy.

Patitan will sell electricity to the government. We are studying private participation in telecommunications, but not privatization. There are several projects involving private participation that are already under way. We feel that infrastructure should be not only growth-oriented but equity-oriented as well. We aim to open new areas in Sumatra and Irian Jaya to investment.

TEXMACO GROWTH THROUGH INTEGRATION



Texmaco is one of the largest fully integrated textile manufacturer in Indonesia producing a wide range of chips, fibre, yarn, textile, garments and textile machineries. Backed by a worldwide marketing network, Texmaco ranks as the leading exporter from Indonesia. Apart from winning prestigious export awards, Texmaco products are exported to over 65 countries worldwide. In garment Manufacture we specialise in all kinds of men's and women's wear for Internationally renowned brands like Nike, Levi Strauss, Philips van Heusen, Liz Claiborne, etc. With 30 years of growth, Texmaco emerges as a sound company dedicated to further develop the Indonesian textile industry and contribute to improving the economic development of Indonesia.



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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Steve Van Beek, a free-lance writer based in Bangkok.

Cement: Housing Surge Bodes Well

Indonesia's current building boom should supply the impetus for the country's cement industry through the end of the decade.

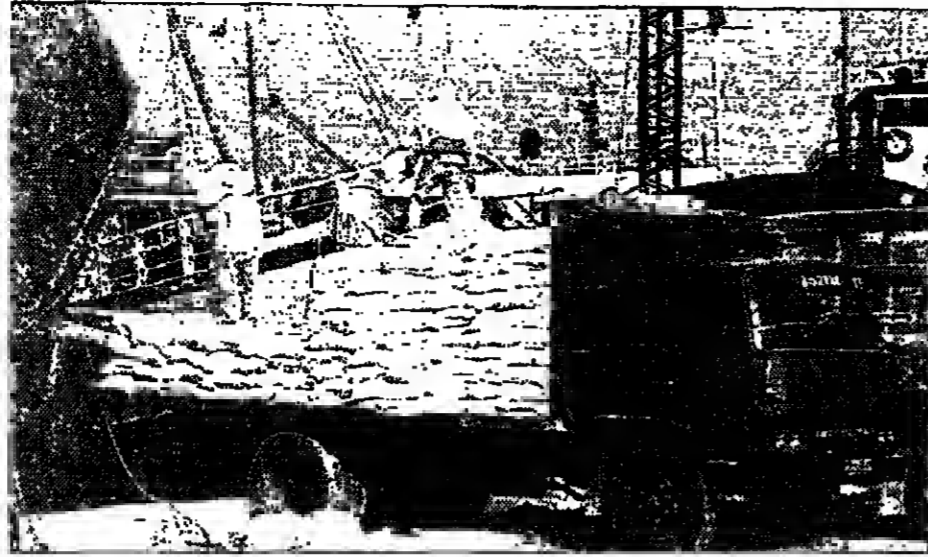
"After growing 12 percent per year previously, domestic demand in 1992 slowed to 2 percent due to the government's tight money policy," says Al Njoo, director of PT Semen Cibinong, Indonesia's second-largest and ASEAN's fourth-largest cement producer. "This year, however, it is growing at 15 percent because of infrastructure projects and residential and commercial development."

There is some question as to whether rising demand can be met. "In 1992, total domestic consumption was 16 million tons, and exports totaled

2.5 million tons," says Mr. Njoo. "We have just expanded capacity to 3 million tons and acquired another company, Semen Nusantara, which adds another 1 million tons. That gives the industry a 20-million-ton annual production capacity."

Expansion of two government cement plants will give Indonesia a total annual production capacity of 25 million tons by 1998. If domestic demand continues to grow, there will be a need for 25 to 26 million tons by the end of the same period.

"Two factors suggest that the future for cement



Cement being loaded at Jakarta's harbor: 2.5 million tons were exported in 1992.

is very bright," says Mr. Njoo. "Per capita consumption of cement in Indonesia is still quite low - 100 kilograms [220.4 pounds] per capita - which compares quite favorably with ASEAN's average of 300 to 400 kilograms per capita. In Korea and Japan, it is 800 kilograms per capita, so demand poten-

tial is good. In addition, Indonesia is considered Asia's most efficient cement producer at \$25 per ton. We have 90 percent of the raw material - limestone - in quantity, and because it is soft, it doesn't need high energy to crush. We also have ample coal supplies, so we don't have to import as other cement-

producing countries must. These combine to keep our costs down," Mr. Njoo adds.

"The only constraint on profitability is that cement prices in Indonesia are government-regulated. At \$55 per ton, they are the lowest in Asia, compared with an ASEAN average of \$60 to \$70 per ton."

Real Estate: The New Frontier, Downtown and in the Suburbs

The building fever that transformed downtown Jakarta's skyline during the past few years has shifted its focus but not its intensity.

Demands by a newly affluent middle class and by foreign executives for upmarket housing have spawned a new building boom, providing foreign and domestic entrepreneurs with attractive investment opportunities.

Recent commercial development has taken place in Jakarta's former inner-city residential areas, raising land prices in the downtown "Golden Triangle" to \$5,000 to \$8,000 per square meter (\$450 to \$720 per square foot), beyond the reach of all but the very wealthy.

The response has been the increasing suburbanization of Jakarta and a shift in housing patterns and options. One can now choose an older house on the city outskirts, a new house in a suburban estate, a city condominium or an apartment.

The trade-off is between lower suburban prices and higher-cost city-center convenience.

As traffic congestion lengthens commuting time, many are choosing city properties. For foreigners, this means renting apartments; for Indonesians, it means buying condominiums.

"There is an undersupply of apartments," says Okie R. Lukita, president-director of Menteng Park Apartments, near the Golden Triangle. "There are 23,000 expatriates in Jakarta but only 2,000 rental apartments at the moment. There is also a shortage of low-cost and middle-income housing, and Indonesians now have the purchasing power to buy housing [thus contributing to the undersupply]," he adds.

"A year ago, the first expensive condominium

was marketed, and it sold quickly," Joachim U. Rohn, group executive director of Lippoland Development, offers a contrasting view: "There are another 3,000 apartment units coming on the market in the next two years, but it doesn't mean there will be a rush to occupy them. Americans and Indonesians prefer to live in houses. The change

upper end; we are geared to the emerging middle class."

Although Indonesians can buy land overseas, foreigners are barred by law from buying condominiums in Indonesia. The Indonesian Real Estate Association is lobbying the government for a change in this law, arguing that sales to foreigners promote capital inflow. A new law

Undersupply of apartments reported in Jakarta

in lifestyles cannot be accomplished that fast, but demand will pick up in one or two years.

"A three- or four-bedroom house with pool, telephone and garden costs \$2,500 to \$5,000 per month but can have security problems," counters Charles W. Phillips, general manager of the Park Royale Apartments in Jakarta. "A two-bedroom apartment costs \$3,500 per month, but the high prices will drop as new apartment complexes are built."

Lippoland is responding to the Indonesian preference for houses and the desire to own rather than rent a residence. The company is developing two major housing estates on the outskirts of the city near new highways now under construction. Lippo Village will contain 5,000 houses; Lippo City combines a housing estate with an industrial park.

Their advantage over city dwellings is their cost. "Land in the suburbs currently sells for \$200 per square meter," says Mr. Rohn. "Many developers have concentrated on the

industry experts say, would likely spark another housing boom for company residences and retirement homes. For developers looking for long-term investments with high returns, it means a potential windfall.

"There is lots of room for foreign investment," says Mr. Rohn. "Indonesia needs development capital, and a foreigner can get good returns on his investment. In Lippoland, we sold 1,000 units in three days. Some people here think that is slow progress, but most American developers would be delighted with that level of sales."

The rapidity and scope of city development as well as increasing migration from rural areas suggest a long run for real-estate development.

Jakarta will have around 17 million people in 2005. With a low per capita GNP of \$570, there is enormous potential for growth. Moreover, once the cycle wanes in Jakarta, it will be repeated in other Indonesian cities as they achieve more advanced economic status.

The Nuts and Bolts of Foreign Investment

Foreign investment in Indonesia is conducted as a joint venture with Indonesian partners. Initially, the foreign investor can hold 80 percent of equity but must divest 51 percent of equity to the Indonesian partner(s) after 20 years.

There are exceptions for which 100 percent initial equity is permitted: ventures located in a bonded zone and exporting 100 percent of their production, and those with paid-up capital of at least \$50 million that are located outside of Java, Sumatra or Bali. Minor divestiture is required after five years. Labor-intensive (at least 50 workers) or service-sector projects are given special dispensations. Foreign and domestic investments are governed by the Negative Investment List, which prohibits or limits investment in 33 areas, summarized as follows:

- Closed to all investment: logging, casinos, certain agricultural chemicals.
- Closed to foreign investment: commercial transportation, retail sales, advertising, TV and radio broadcasting.
- Closed to investment unless fulfilling certain conditions: selected food-processing and forest products enterprises, stamp or bank-note printing, motor vehicles, aircraft.
- Closed unless at least 65 percent is exported: cigarettes, pharmaceuticals.
- Closed unless 100 percent expored: ar-

tificial sweeteners, alcoholic beverages.

Reserved for small-scale industries: most agro-businesses, yarn spinning, weaving, cement and ceramic goods, agricultural tools, many handicraft items.

A June 10, 1993 ruling lowered import duties, improved import procedures and deregulated the automotive sector.

Several permits are required: location, building, nuisance Act, work permits, land titles and, in some instances, an Environmental Impact Assessment. Provincial approvals are required for projects outside of Jakarta. Land titles are valid for 35 years but may be extended. Building rights are granted for 20 to 30 years.

Duty-free zones exist in Jakarta and on Batam and Bintang Islands. Bonded zones and industrial estates are in Jakarta, Cilegon, Surabaya, Cilacap, Ujung Pandang and Medan.

Tax and import-duty incentives include two years' exemption or reduction of import duties on capital goods and raw materials for selected projects, with longer periods in

some instances. Tax relief is available through accelerated double-declining balance depreciation on capital goods and carry forward of losses and various deductibles. The income tax rate is graduated between 15 and 35 percent. Indonesia has double-taxation treaties with many countries.

Other incentives include free movement of foreign currencies, limited legal protection of intellectual property rights and security of foreign investments guaranteed by Investment Guarantee Agreements with ASEAN and 19 other foreign governments.

Indonesia is a signatory to the International Center on the Settlement of Investment Disputes and is a member of the Multilateral Investment Guarantee Agency on non-commercial investment risks.

Ordinary investment applications are handled by the Investment Coordinating Board; those for bonded zones, by the Bonded Zone Authority. Investment information is available from the BKPM, chambers of commerce, CISI (a private information service) and Price Waterhouse (Indonesia).

A Prove of Timeless Solidity



Two Among Indonesia's outstanding monuments. One of the world's wonders, Borobudur Temple, is a proof of our ancestors' grade knowledge, meticulousness and dedication even far back in the 8th century.

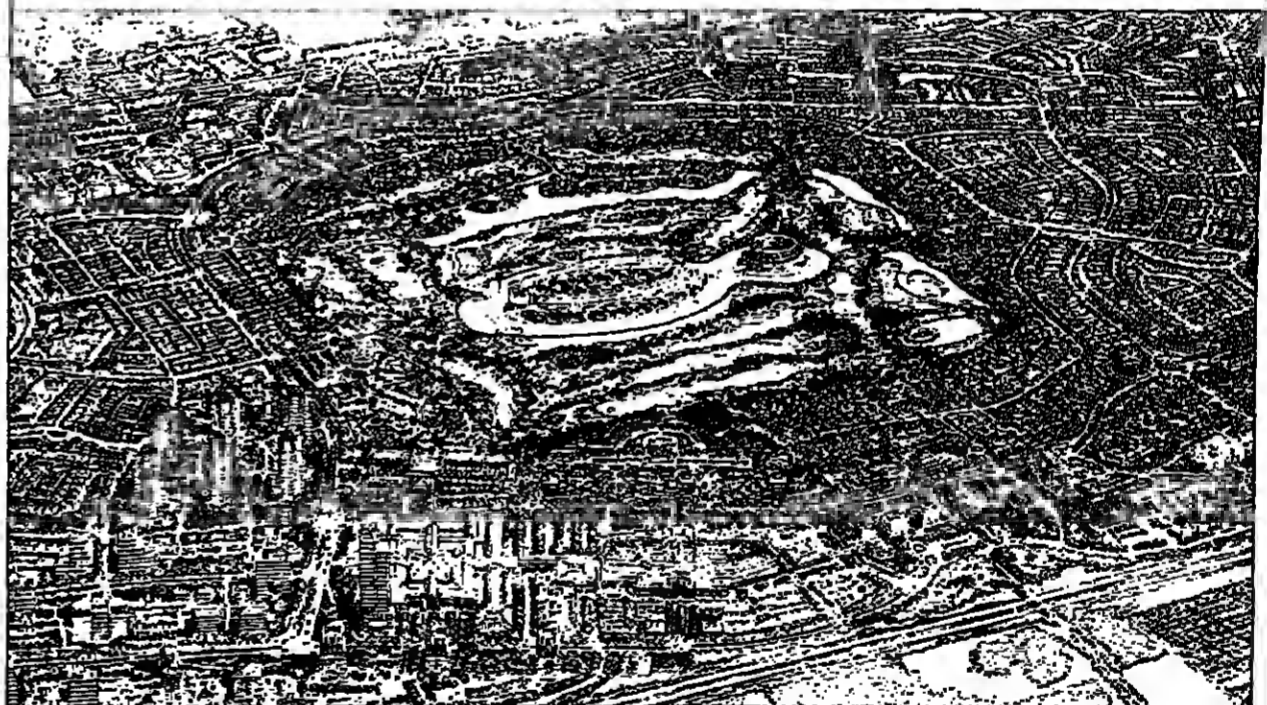
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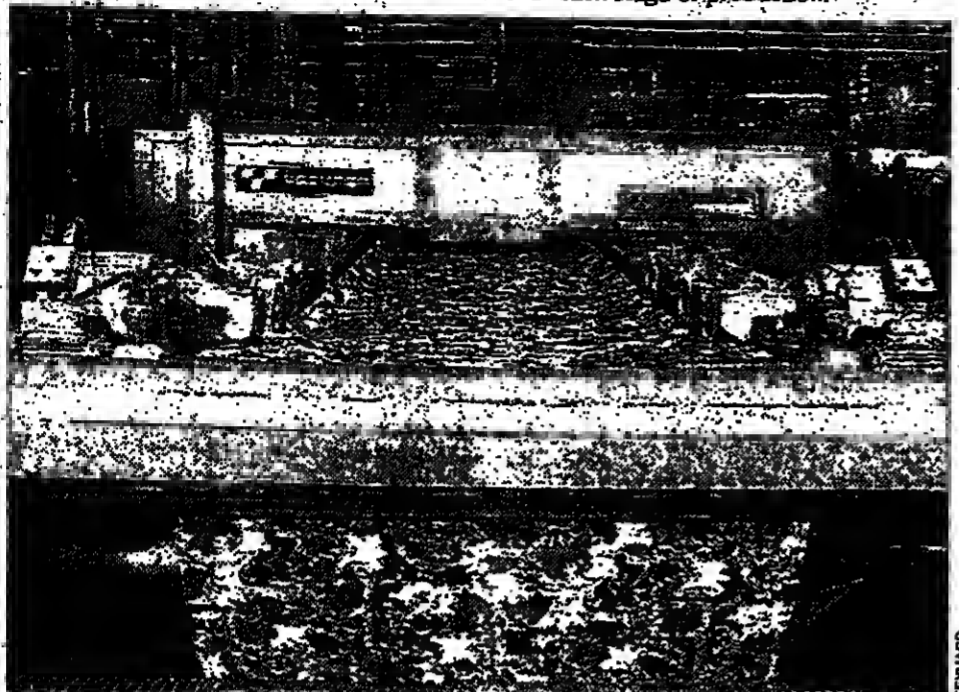
Textiles: Rise in U.S. Quota Bolsters Industry Outlook

Among Indonesia's success stories is its textile and garment industry. Through technology and automation, the country has transformed a cottage industry into its number-one non-oil industry. The industry now employs more than 2 million Indonesians and can claim 3 percent of the world textile market.

In 1991-92, Indonesian mills produced 5.22 billion meters (17.7 billion feet) of cloth and earned the country \$4.34 billion for textiles, garments and handicrafts combined. Their primary garment markets

were in developing Asian countries, Europe and North America.

The industry has grown incrementally as Indonesian manufacturers have taken over each stage of production.



Indonesia's number-one non-oil industry brought in \$4.34 billion in revenues.

In the 1960s, yarn was imported and woven locally. In the 1970s, the yarn began to be produced locally, using imported polyester chips.

Indonesia's petrochemical base then enabled manufacturers to produce their own chips. From there, it was a minor step to designing and creating garments.

Only natural fibers blended with Indonesian synthetics, accessories and chemical dyes are now imported.

Government departments like the National Agency for Export Development have been active in arranging exhibitions, providing marketing assistance and lobbying for higher quotas from overseas importers.

Industry growth and new investment show no signs of slowing. Indonesia recently lobbied successfully with the United States for a 35 percent increase in its textile quota.

Conservative estimates predicting a 12 percent annual export growth over the medium term seem realistic given the expanded capacity and the increased U.S. quota.

The export target set by the country's sixth five-year plan is \$15 billion in 1998.

"Meeting the target is a piece of cake," says Mhd. Manimaren, director of Texmaco. "We have seen the industry grow by 30 to 40 percent increments since 1987. We have the global markets, and Indonesia is very competitive, so we can grow even larger. There are quotas in the United States and Europe, but if the Uruguay Round succeeds, quotas will be phased out." Recent re-



Annual export rise of 12 percent predicted

directions in textile quotas following the G-7 summit in July make this more likely.

The only possible clouds on the horizon are a host of new producers in Vietnam, China and other emerging economies, but Mr. Manimaren discounts their threat.

"China is strong in cotton, and Indonesia is strong in man-made fibers, so we occupy different niches. Vietnam will not be strong for a long while. We see profitability continuing well into the next century, with the Indonesian textile industry becoming medium-scale and then high-tech," he says.

Banking: The Thin Line Between Control and Liberalization

The rapid growth of the Indonesian economy has been due in large part to government foresight in ensuring that liberalization was accompanied by a stronger and more diversified financial sector.

In the 1970s, the government made foreign exchange freely convertible. In the second deregulation drive of 1983, banking and finance were two of the prime targets.

"The goal was to make the banking system more efficient," says Soedrajat Djihadono, governor of Bank Indonesia, the country's central bank. "After 1983, banks were permitted to set their own deposit and lending rates.

The gross assets of the financial sector doubled, growing by an average of 23 percent per year between 1982 and 1987. Several deregulations followed, with the most important occurring in October 1988. After that, the banks flourished, with numbers doubling from 100 to more than 200. Branches doubled from 2,000 to 4,000," he adds.

The exuberance got out of hand, however. One private bank collapsed, and bad loans by others threatened the stability of the system. Late in 1990, Bank Indonesia initiated a tight money policy to cool off an overheated economy and to stem inflation. It also raised paid-up capital requirements from 10 billion Indonesian rupiahs (\$4.87 million) to 50 billion rupiahs.

Since then, the central bank has treaded a thin line between control and liberalization. Deregulation has continued, but the watchword is prudence. "We want to let the market determine the allocation and selection of funds

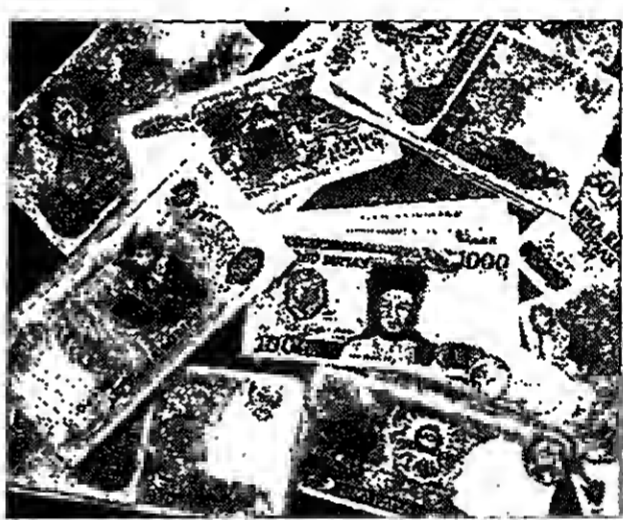
and business to increase the efficiency of the economy, but deregulation doesn't mean that there are no rules," says Mr. Djihadono.

"The banking, leasing and insurance sectors in Indonesia are regulated by the Department of Finance in cooperation with Bank Indonesia. "The management of the monetary sector is mostly aimed at how we can manage the national economy within the international economy and deal with uncertainties," says Mr. Djihadono. "The most important thing is to create certainty for the business community and increase our international competitiveness," he adds.

The principal funders of government programs are the five state-owned banks, which have traditionally dominated the banking sector. Government restrictions on lending to foreign joint-venture companies unless national shareholding was at least 51 percent led to the 1988 reforms that gave private commercial banks a larger role in financing. While the state-owned banks still dominate banking, the more than 135 private banks play a vital role in mobilizing funds for domestic investors. The 11 international banks that now operate branches in Jakarta engage primarily in corporate banking.

There are also more than 25 development banks for medium- to long-term financing. A number of non-bank financial institutions provide medium- and short-term loans to government and private enterprises. They also offer financial investment and management advice, facilitate local and overseas funding of projects, and underwrite stocks.

Venture capital, security trading, factoring, credit cards and consumer financing are allowed for commercial banks; non-bank financial institutions and finance com-



A tight money policy was initiated in 1990.

panies. Nine investment finance companies offer financing and money-market services.

Foreign investment companies can raise funds by selling shares on the Jakarta or Surabaya stock exchanges or through the OTC market to domestic and foreign investors. There is a widespread belief that the market needs invigorating to create a cheaper source of funds as an alternative to bank interest rates, which, with deposit rates, now stand at 19 to 20 percent.

Bank Indonesia continues to support the development of the banking sector. "We will keep improving the system and expanding the financial instruments and services to serve a maturing economy," says Mr. Djihadono. "As the economy becomes more and more advanced, we need a diversification of financial instruments. Developing these is the direction of the future."

Five state-owned banks dominate the sector

State Projects Open to Private Sector

Continued from Page 1

the country's burgeoning work force. Indonesia's movement away from an agriculture-based economy has created a large labor pool that is at once a blessing and a potential liability.

Recognizing that large-scale unemployment could create social unrest, the government has made employment generation a priority. With 2.3 million youths coming onto the job market each year, the magnitude of the problem is enormous. The economy must expand by at least 6 percent per year to accommodate them.

Even more pressing is the need to upgrade skills. The minimum wage is now 3,000 Indonesian rupiahs (\$1.45) per day, but as emerging nations enter the international marketplace, Indonesia will find itself outbid on low-cost labor. While most of Indonesia's new entrants are urban high-school graduates, they are inadequately trained to cope with the new technology manufacturers are introducing.

The government is discussing on-the-job training programs, incentives for companies to train employees and an increase in the number of vocational schools. There is also an urgent need for managerial

personnel. Another of the government's priorities is trying to move industry away from Jakarta to other Javanese cities and to the other 13,000 islands. Although Java forms only 7 percent of the Indonesian land mass, it has a population of 110 million, 60 percent of the nation's total population.

Of Indonesia's 21 percent of GDP produced by manufacturing, the figure in the eastern provinces is only 5.6 percent. Of this effort to decentralize, Mr. Sasrowardoyo says, "We have not been very successful so far. We give additional tax holidays and extra incentives for factories located outside of Java, but manufacturers are still not attracted. We are looking for additional incentives."

The shift of industry to the provinces is gradually beginning, however, as better ports and air connections are developed and provincial authorities are speeding up their approvals process. Bandung, Surabaya and Medan, for example, are already established as manufacturing centers and are growing.

Two particularly promising areas are the two growth triangles set up as joint free-trade zones. The southern triangle comprising Singapore, Malaysia



The next generation: 2.2 million young people enter the labor force each year.

and Indonesia is seeing the rapid development of the Indonesian islands of Batam and Bintang, only 19 kilometers south of Singapore. The northern growth triangle of southern Thailand, northern Sumatra, and northern Malaysia with its base at Penang, is still in the formative stages.

While the role of oil and gas has declined, they are still vital components of the Indonesian economy. With domestic demand rising 9 percent per year and with oil and gas being depleted, it is imperative that Indonesia discover new

sources to avoid having to import oil in the future. Foreign companies have spent an annual average of \$3 billion since 1988 on petroleum development, \$1 billion on exploration. Meanwhile, Indonesia continues to expand its non-oil sector through investments. "We welcome every type of investment - in both labor-intensive and sophisticated industries," says Mr. Sasrowardoyo. "We feel that the brightest prospects for investors are in agro-business, machinery, electronics, electrical, consultancies of any kind, ho-

tels, holiday resorts, textiles and garments." The Indonesian government has been responding to investors' concerns. It recently cut license approval times from 18 to nine months and is trimming other steps to reduce the approval period to the two weeks required in neighboring Singapore and Malaysia.

On July 22, the Investment Coordinating Board announced that a new deregulation policy to be initiated in August will shorten project approval times at the provincial level.



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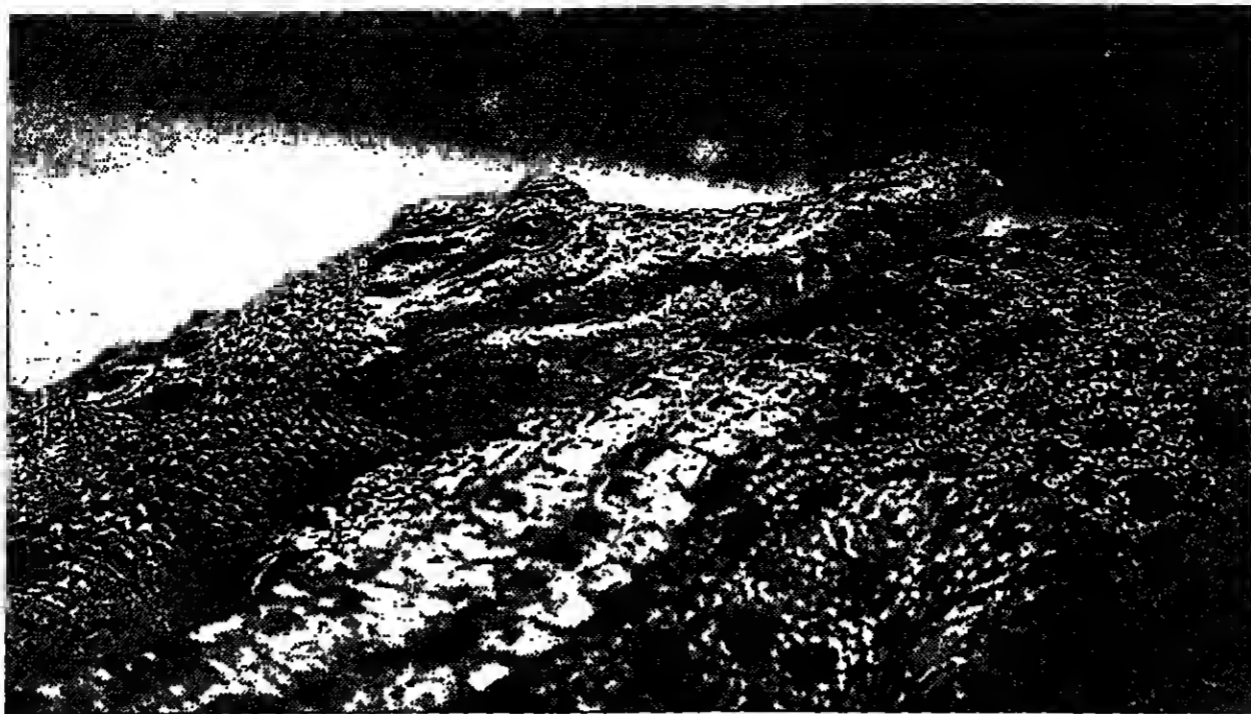
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ADVERTISING SECTION



Among the country's rich variety of attractions are Borobudur, with its imposing statue of Buddha (top left); a crocodile farm on Sumatra (above); and a river in Leuser National Park that is popular for rafting (bottom left).



Ecotourism: The Natural Way to Travel

Indonesia's natural beauty has long been a prime draw for visitors, but their appreciation has usually been passive, with nature forming the backdrop for the pursuit of other activities.

Now, a new type of traveler is making active exploration of nature the primary reason for a visit. Capitalizing on its wealth of natural beauty, Indonesia has declared "Environment and Heritage Year 1993" to enable visitors to experience its wilderness areas.

"Ecotourism is very new to Indonesia, but it has good potential," says Tjeetep Suparman, acting director of marketing for the Directorate General of Tourism. "We have developed an ecotourism plan that includes marine and forest tourism, hiking, trekking and bicycling. Our many national parks lack overnight facilities as yet, but outside the park boundaries, there are accommodations, guides and restaurants. We also try to get people from the area involved as guides and service providers."

Twelve of Indonesia's 27 provinces now have at least one campground; at the end of 1992, there were 110 countrywide. Foreigners are allowed to camp in national parks; arrangements can be made through travel agencies.

Visitors can take bird walks through the Balinese countryside or bird-watch in Bali Barat National Park on the northwestern corner of the island. They can also hike trails through Kalimantan or Sumatran rain forests.

In addition to hiking and observing wildlife in game reserves, there are more strenuous activities available for the adventurous traveler. Bali and Kalimantan now offer rafting expeditions and boat trips down jungle rivers, and tour operators are studying Sumatra's and other islands' considerable potential for rafting. The uninhabited coastlines of remote islands in eastern Indonesia can be explored in a sea kayak.

The country's thousands of kilometers of shoreline offer spectacular scuba diving and snorkeling opportunities. Flores, the original nutmeg island near Ambon, lo-

cated east of Bali and Banda Nerira, offers coral reefs and undersea areas filled with an astounding array of tropical fish and plant life.

Indonesia is also home to some of the world's more intriguing animals. East of Bali, Komodo dragons reaching three meters and weighing 150 kilograms (330 pounds) rival the dinosaurs of the film "Jurassic Park" in ferocity. In Sumatra, Kalimantan and other small pockets are orangutans, considered to be among the most intelligent members of the primate kingdom. Scattered through the islands are tigers, elephants, rhinoceroses, lorises and other wild beasts.

The more popular sites illustrate the wide range of wildlife found in the country. The 34,000-square-kilometer Dumoga-Bone National Park in Sulawesi is home to the tarsier, the Sulawesi civet cat and a variety of snakes, including pythons 10 meters long.

The Penanjung-Pangandaran reserve, located near Bandung on Java's south coast, has coral, caves and nature walks. Kelimutu Reserve on Flores Island is famed for its three crater lakes, and Bunaken Marine Park has 50 different types of coral.

Located 60 kilometers south of Jakarta are the famed Bogor Botanic Gardens, which were laid out by Sir Thomas Stamford Raffles. About 15,000 native and foreign plant species grow on its 87 hectares of land. The Cibodas Mountain Garden, located 30 kilometers south of Bogor, was founded in 1862 on the slopes of Mt. Gede. Dedicated to the study of mountain flora and fauna, the garden is home to the Javan gibbon and 260 species of birds.

Pulau Dua and Pulau Rambut, off Java's northwest coast, are seabird reserves, and Tanjung Puting in south

Hotels: A Room Boom in Progress

With rising investment in Indonesia has come a need for new hotels to serve the business traveler.

Thirty-three companies are now building a total of 57 hotels in Jakarta designed primarily for the business-travel sector. "Our market research shows that in 1992, 82.5 percent of Jakarta's arrivals were business travelers, with only 8 percent group tours and 8.5 percent airline crews," says James Papineau, marketing director for the 669-room Shangri-la Hotel, scheduled to open in early 1994.

In December 1992, there were 305 two-to-five-star hotels in Indonesia with a total of 36,891 rooms, but only 25 of the three-to-five-star hotels were in Jakarta.

"The street says that Jakarta is oversupplied with hotel rooms," says Maurice W. Templo, director of rooms for the 368-room city-center Dai-ichi Hotel, opening next December in Jakarta. "But Dai-ichi does not feel that business travelers' needs are being properly met. There have been lots of improvements in technology in city hotels but not in services. We are trying to meet the need by creating a business-class hotel."

Frank A. Liepmann, general manager of the 335-room Citraland Hotel, opening in September, concurs: "The scene has changed. The business-class traveler wants all the creature comforts at attractive prices. Even the profile of the business traveler is changing. We will see more entrepreneurial businessmen and fewer corporate executives."

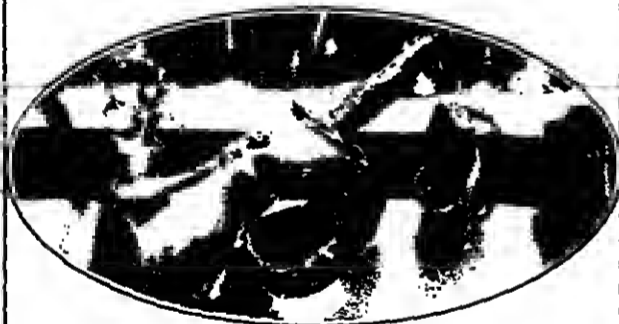
All three hotels are targeting Southeast Asian nationals and other foreigners, offering them a range of special services like separate check-in, butler service and comprehensive business centers. Dai-ichi and Citraland will cut the usual high fees charged for telephone calls and minibars, a bone of contention among frequent travelers.

Hotels are important social venues in Asia, and efforts are being made to lure local businesspeople with conference centers and other special facilities.

Kalimantan offers boat trips through swamp jungle filled with birds and has a "rehabilitation center" for Borneo orangutans, as well as a guest house for visitors. In Ujung Kulon-Krakatau National Park, visitors will find Javan rhinoceroses, hiking trails, lowland rain forest, a variety of marine life and coral reefs.

The main attractions at Komodo National Park are the famous dragons, of course, but the park also has coral reefs. Mount Leuser National Park in Sumatra is an unrivaled primary rain forest, which has a rehabilitation center for orangutans, 320 species of birds, 176 species of mammals and 194 species of reptiles. It is also home to the rare Sumatran rhinoceros, the clouded leopard and the Sumatran elephant. Kerinci Seblat National Park in Sumatra has hot springs, Sumatran rhinoceroses, rafflesia, tigers, a variety of bird species and lodging facilities for visitors. At Berbak Wildlife Reserve, the attractions are migratory birds, swamp forests and fresh-water forests.

Presence With A Past



Menteng, a name that immediately conjures images of tree-lined streets, art-deco facades, light fixtures reminiscent of the 1920s and colonial houses. Indeed, the Menteng as we know it today is not too different from the Menteng before. Many of the lovely houses still stand, only some have been converted into museums, embassies and ambassador residences.

Menteng, named after its original Dutch estate owner, von Muntighe, was built for the influx of middle-class workers who came from Holland to staff the growing commercial city of Jayakarta, or DKI Jakarta today.

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FOOD

The Group's agro-business activities help provide the most fundamental of all human needs - the need for food.

The Sinar Mas Group has roots in the vegetable oil business, having begun operations in this area more than 40 years ago.

Today, the Sinar Mas Group has modern refineries producing edible oils and fats required by domestic consumers and food industries.

The Group also owns and develops over 160,000 hectares of plantations devoted to oil palm, tea, coconut, cocoa and bananas.

Through its vertically integrated structure, the Group has achieved significant market shares in agro-industry while adhering strictly to the national standards of health, safety and environmental protection.

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From urban housing estates to luxury hotels, the Sinar Mas Group contributes to the essential human need for housing and shelter.

As one of the leading developers in Indonesia, Sinar Mas ensures its diverse real estate projects are developed in harmony with the surrounding environment. The Group's interests include commercial real estate and office buildings, residential subdivisions and condominiums, shopping centers, industrial estates and golf course developments.

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As one of the leading exporters of pulp and quality paper to over 40 countries, and with its dominant share of the printing and writing paper market in Indonesia, Sinar Mas helps make learning possible.

Its subsidiaries, Tjiwi Kimia and Indah Kiat provide a model for Indonesia and the world in waste management, including their exemplary waste water treatment facilities. The Group also makes extensive use of recyclable paper products and bagasse in its pulping operations.

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Sinar Mas works to enhance the quality of life with its wide range of financial services. Sinar Mas operates one of the most profitable local private banks in Indonesia, Bank Internasional Indonesia (BII), which actively supports programs such as the World Wildlife Fund's endeavor to save the Javanese Rhinoceros. Through its consumer marketing program, BII contributes to this project for every new credit card issued.

Sinar Mas has been selected to participate in the government sponsored program "Care '92", designed to educate the public on environmental issues, including pollution control and recycling. The Group's activities in this program include providing loans to small businesses for waste management projects, and the purchase of materials for recycling purposes.

With the source of its business and inspiration found in nature, the Sinar Mas Group is committed to responsible development through its environmentally sound policies and activities.

Just as the rays of the sun give life to nature, so Sinar Mas shares the benefits of its success.

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NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table of NYSE stock prices including columns for High, Low, Last, and Change. Includes various stock symbols and their corresponding prices.

Table of international stock prices with columns for High, Low, Last, and Change. Lists various international equities.

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SPORTS PGA CHAMPIONSHIP

Norman's Putt Spins Out, Azinger Wins in Playoff

By Jaime Diaz
New York Times Service

TOLEDO, Ohio — Perhaps it is simply not meant to be that Greg Norman wins at the Inverness Club. Or perhaps it was just time for Paul Azinger to win.

Either way, nothing but fate can describe the dramatic end of the 75th PGA Championship. After the two players tied over 72 holes on Sunday, Norman watched two putts in sudden death roll hard against the left edge of the hole only to spin out.

The first miss, from 20 feet (6 meters), cost him an outright victory and his second consecutive major championship. The second, from about 4 feet, which came after Azinger tipped out a 6-footer of his own, gave the 33-year-old Floridian his first major championship.

Azinger shot a closing 3-under-par 68 over a drier, stingier Inverness, with birdies on four of the final seven holes, the last one coming from six feet on the 71st hole. Like Norman, he narrowly missed a birdie putt on the first extra hole.

"It brought tears to my eyes," said Azinger. "It was a huge burden off of me. I felt I had something to prove. Today, I asked myself: 'Are you capable of doing it? Are you good enough?'"

Azinger and Norman tied at 12-under-par 272, one stroke better than Nick Faldo and two ahead of Vijay Singh. Azinger gained his 11th career victory, his first in a playoff against two losses, and became the seventh winner in the last eight years to make the PGA his first major victory.

Norman, who began the day with a one-stroke edge over tightly bunched leaders, closed with a battling 69. With his lip-outs, he lost a

chance both to make history and, in a sense, rewrite it.

Had he won, it would have been the first time a player had won the British Open and the PGA Championship in the same year since Walter Hagen did it in 1924. As it was, Norman became the first to play eight consecutive rounds in the 60s in major championships.

Perhaps more significantly, a victory would have expiated the pain of his defeat in the same championship on the same course in 1986, when Bob Tway holed a sand shot for a birdie on the 72nd hole to defeat him.

"I think I feel more down because of the first putt I had in the playoff," said Norman. "I hit as perfect a putt as I could have hit to win. But I can handle adversity pretty well. I lost to a great player. I'm happy for him, but I wish it was me."

Playing in the last group, Norman fell three shots behind after he double-bogeyed the par-3 sixth hole, when he left a sand shot in a bunker, and then he bogeyed the seventh after a poor chip. But he came storming back with four birdies, and after hitting a wedge approach to 20 feet on the 357-yard 18th, he had a chance to win his third major championship outright.

After a long look, he hit a firm putt that, after breaking from left to right, just skimmed the left edge of the hole.

In the sudden-death playoff, which began on the 18th, Norman hit another wedge approach to almost exactly the same spot as he had earlier. This time, he hit his putt a shade more to the right.

A foot from the cup, it looked to be in, but instead it dipped along the left edge of the hole and spun out at a 90-degree angle. After

Azinger followed with a narrow miss from 18 feet, the players went to the second playoff hole, the 361-yard 10th.

There, Norman hit a pitching wedge from light rough some 25 feet past the hole. Azinger followed from the fairway with a wedge that stopped six feet to the right.

Putting first, Norman misjudged the speed of his birdie putt and left it short of the hole, in almost the identical place from where he had missed a birdie putt in regulation.

Azinger hit his putt a shade too hard and watched it lip out of the right edge of the cup, then tapped in for par. Norman tried to finesse his breaking right-to-left downhill, but it broke too much and spun out of the left side of the hole.

The reaction at the ending was more regret and relief than jubilation.

"I just feel so fortunate," said Azinger. "It was a very, very difficult day for me mentally. I was so nervous, when I was looking at the hole, I felt my eyeballs flash. At the end of the round, I was gasping for air. I was just trying to get as many deep breaths as I could."

Although there were 18 players within four shots at the beginning of the day, the cream slowly came to the top on the back nine.

Bob Estes was in the lead after a birdie on the par-5 8th hole. But when he drove into the bunker on the 10th and bogeyed, and followed with another on the 11th, he dropped to 9 under.

Singh hung with the leaders throughout and led for the lead with a birdie on the par-5 13th, but when he three-putted the 16th hole from 40 feet, falling on a five-foot



Paul Azinger, hugging daughter Sarah Jean: "My heart was beating so hard, I felt my eyeballs flash."

par putt, it dropped him to 10 under.

The player with the pedigree and the position seemed to be Nick Faldo. Beginning the day two strokes and five groups behind Norman, the winner of five major championships took the lead with a birdie at the par-5 13th. But he could produce no more birdies down the stretch.

A few moments later, there was a four-way tie at 11 under among

Norman, Azinger, Singh and Faldo. A hole after that, it was a two-way battle that came down to the roll of the rim of the hole.

• The U.S. Ryder Cup captain, Tom Watson, named Raymond Floyd and Lanny Wadkins on Monday as his two final choices for the team that will play Europe's top golfers Sept. 24 to 26 at The Belfry in England.

"It was a difficult decision to

make," Watson said. "I selected two players who share my No. 1 criteria: heart and guts."

Devis Love 3d, Chip Beck and Jim Gallagher Jr. made the team Sunday by finishing high enough in the PGA Championship. The first six spots had been clinched, before the start of play, by Azinger, Fred Couples, Tom Kite, Lee Janzen, Corey Pavin and Payne Stewart. John Cook became the seventh after Saturday's round.

Royals Gain a Split, Chisox Lead at 3 1/2

The Associated Press

The Kansas City Royals' game against the Chicago White Sox fit neatly into the crucial category.

Kevin McReynolds homered and drove in three runs during a 7-5 victory Sunday that was delayed twice by rain. It moved the Royals to 3 1/2 games behind the first-place White Sox in the American League West as the teams split the four-game series in Chicago.

"It was a long day, but we won," said the Royals' manager, Hal McRae. "We broke even. We let one game get away. We had a chance to win three-of-four, but we'll take a split."

The Royals broke a 3-all tie in the fifth inning, against Tim Lincecum. Wally Joynt doubled and scored when shortstop Ozzie Guillen made a diving stop to his right on Mike MacFarlane's single, but the throw to second to get Joynt going back to the bag sailed by Joey Coors into foul territory.

Chris Oywyn and McReynolds added RBI singles to make it 6-3.

Tom Gordon, who beat Chicago for the third time this season without a loss, allowed three runs and seven hits in 6 1/2 innings. Jeff Montbrice got the final three outs for his AL-leading 36th save.

Brewers 6, Tigers 4: Kevin Seitzer's two-run double ended a sixth-inning tie as Milwaukee beat visiting Detroit.

Twins 12, Athletics 5: Kirby Puckett went 5-for-5 and hit two of Minnesota's six homers in Oakland.

Puckett hit two two-run homers and Bernardo Brito, 29, a rookie, also homered twice as the Twins completed a four-game sweep.

Angels 14, Mariners 2: Greg Myers drove in a career-high four runs as California won in Seattle with a season-high 22 hits that included seven doubles and only the Angels' fourth homer in August.

• In earlier games, reported in some Monday editions:
Blue Jays 9, Red Sox 1: Toronto rocked Roger Clemens for two homers, by Joe Carter and Darrell

AL ROUNDUP

Coles, and six runs in less than four innings to win in Boston and remain tied with New York for first place in AL East. Paul Molitor drove in three runs with two singles.

Yankees 1, Orioles 0: Don Mattingly homered on an 0-2 pitch from Ben McDonald leading off the bottom of the eighth, and New York beat Baltimore although TV replays showed that a fan had reached over the right-field wall at Yankee Stadium and caught the ball.

Bangors 4, Indians 1: Nolan Ryan pitched two-hit ball over seven innings for his 324th career victory as Texas won in Cleveland before a crowd of 60,777. Ryan (5-3) passed Don Sutton for 17th on the all-time victory list and Walter Johnson for 17th with his 803rd major-league pitching appearance.

Bonds-Williams Punch Floors Cubs 2d Time

The Associated Press

For Barry Bonds and Matt Williams, it was little bit like the "Anything You Can Do I Can Do Better" lines from an Irving Berlin musical.

Bonds and Williams hit consecutive home runs in the third inning in Chicago. But that wasn't enough, so they did it again in the 11th, giving the San Francisco Giants a 9-7 victory over the Cubs.

"It was a good game, exciting," Bonds said. "You had there weren't a lot of people around to see it."

The start of the game was delayed by rain for 44 minutes. There was a 1:27 delay in the eighth.

"I didn't think we'd play," said the Giants' manager, Dusty Baker. "Our dugout was flooded with water."

With the score tied at 7, Bonds homered off Randy Myers with one out in the 11th. Williams followed with his 27th homer, a drive that landed on Waveland Avenue, beyond the left-field bleachers.

While McGee's third home run, a drive off Jose Benito, put San Francisco ahead, 7-6, in the ninth, Mark Grace, who had four hits tied the score in the bottom half with an RBI double off Rod Beck, who blew a save for the 4th time in 40 chances.

Braves 1, Reds 0: Greg Maddux pitched a four-inning Cincinnati and Jeff Blausen singled home the only run after Deion Sanders tripled with two outs in the third as

Atlanta won its seventh straight, a season high.

José Ripá struck out 11 in seven innings and gave up just four hits.

Rockies 4, Astros 3: Shortstop Andruw Jones misplayed Irving Castillo's grounder in the ninth, allowing the go-ahead run to score in Houston as Colorado won for the seventh time in eight games.

Doug Drabek, 0-6 in eight starts since July 4, took a 3-1 lead into the

NL ROUNDUP

eighth, but Chris Jones and Danie Bichette hit RBI doubles.

Dodgers 4, Padres 2: Tim Lincecum pitched a career-high seven. Scott DiGrego's rookie first baseman, Guillermo Velazquez, failed to catch his foul pop-up in the sixth, homered and Corey Snyder singled in two runs in Los Angeles.

• In earlier games, reported in some Monday editions:
Phillies 5, Mets 4: Kim Batisse singled home Wes Chamberlain with two outs in the eighth as Philadelphia rallied from a 4-0 deficit in New York to win for the fifth time in six games.
Expos 7, Cardinals 1: Center fielder Moses Alon threw out Ozie Smith at home to end the fourth and Brian Jordan to end the fifth in Milwaukee, while John Vander Wal and Larry Walker each drove in two runs in a five-run fifth.
Pirates 4, Marlins 3: Don Slaught's RBI double in the 11th in Pittsburgh beat Florida.

Jordan Suspects Arraigned, More Details Given

Compiled by Our Staff From Dispatches

LUMBERTON, North Carolina — The two 18-year-old men accused of murdering Michael Jordan's father, James, were arraigned Monday on charges of murder, armed robbery and conspiracy. The district attorney said he likely will seek the death penalty.

Larry Martin Demery of Rowland, North Carolina, and Daniel Andre Green of Lumberton were denied bond at the arraignment and returned to the Robeson County Jail. A probable cause hearing was scheduled for Sept. 3.

Robeson County Sheriff Hubert Stone said a National Basketball Association championship ring that Michael Jordan had given his father had been recovered and called it "very important to our case."

Demery and Green were caught in part through calls they made from James Jordan's car phone over several days following his slaying last month, other officials said.

"What happened to Mr. Jordan was the kind of random violence that all the public are concerned about and afraid of," said Jim Coman, director of the State Bureau of Investigation. "It could have been any one of us."

Jordan, who would have turned 31 on July 31, was shot once in the chest about 3:30 A.M. on July 23 after pulling his car off Interstate 95 and stopping along the gravel entrance to a store on U.S. 74 near Lumberton in southeastern North Carolina, authorities said without explaining how investigators were so certain of their facts, or whether either

of the suspects had provided a confession.

Stone said Jordan was in the car, with a window down and the doors unlocked, when he was shot. No blood was found because the bullet did not leave his body, the sheriff said.

The body, badly decomposed, was found in a creek across the state line in South Carolina on Aug. 3 and was not identified until dental records were compared Friday.

Green was paroled in June after serving less than two years for a conviction in Robeson County for assault with a deadly weapon with intent to kill and armed robbery. Stone said, Demery was under indictment for armed robbery and out on bond.

Demery's mother, Virginia, who was given permission to visit briefly with her son after the 20-minute hearing, said, "He had been in trouble. Robberies. He had a case pending. It's hard to believe."

Jordan was driving home from a friend's funeral when he stopped his car to rest, Stone said. His killers then went through his personal effects — and discovered that their victim was the father of one of the world's richest and most celebrated athletes.

"Once they knew it was Michael Jordan's father, they tried to cover their tracks the best they could," by taking the body to South Carolina, said Captain Art Bricker of the Cumberland Sheriff's Department.

They apparently kept the car, a \$45,000 red Lexus 400, for three days before abandoning it near Fayetteville, which is about 60

miles (96 kilometers) from where the body was left, police said.

The car ended up with several youths who drove it for a while, then stripped it. It was found last week on a secluded dirt road near Fayetteville, but officials did not learn until last week that it belonged to Jordan.

Two car youngsters arrested during the weekend and charged with vandalizing the car were not connected with the murder, Cumberland County Sheriff Morris Besdole said.

Green and Demery were arrested at the Robeson County Sheriff's Department after being called in for questioning. No murder weapon has been recovered, authorities said.

The suspects broke down and cried as they were questioned, Stone said. Both made statements, but Stone declined to describe them as confessions.

Jordan's funeral was held Sunday in Teachey, North Carolina, a rural town of about 250, at services attended by his son, Michael, other family members and friends.

Michael Jordan "talked mostly about what his dad taught everyone he met and he thanked the people for coming out and showing support," said Johnny Williams, assistant pastor at Rockfish AME Church. (AP, NYTT)

• Earlier, Kevin Sullivan of The Washington Post reported:
Gloias Jacobs, who lives next to the Greens' run-down green-and-white mobile home on a short dirt street in Bob's Landing Mobile Home Park, about two miles from

where Jordan apparently was slain, said she saw a red luxury sedan parked next to the Green trailer recently.

Jacobs said she saw it driven into her neighborhood at about 6:30 on morning as she left for work, but did not see who was driving. When she came home that evening, she said she saw it parked behind the Greens' trailer, out of sight of the main road. Later, she recalled seeing it parked behind an abandoned trailer across the street.

A Washington Post reporter who walked behind that trailer and searched through the tall grass found five shiny compact disc strewn about among the rotting mattresses and litter. They were soul recordings by the O'Jays, Curtis Mayfield, Billy Ocean, Koolhaunt and one by Tyler Collins.

Stone said Green and Demery said they had taken CDs from Jordan's Lexus and thrown them in the yard. He said his investigators already had recovered about 25 discs.

One question still unanswered was why Jordan was not reported missing, although his family had not heard from him in three weeks.

Another was why he parked near the T&A Flea Market, a country corner store that isn't much of a place at all. But it is where the son of a sharecropper, who lived to see his son earn an estimated \$35 million a year and become one of the world's most famous faces, died when he pulled over to take a nap. It is less than a mile from a Quality Inn. Rooms there cost \$24.95 a night.



Larry Martin Demery



Daniel Andre Green

DENNIS THE MENACE

PEANUTS

CALVIN AND HOBBES

WIZARD OF ID

REX MORGAN

JUMBLE

10 SCRAMBLED WORD GAME

IBBER
NOTIX
BYBURG
MASHAT

BLONDIE

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Waiting for the Doctor

WASHINGTON — The U.S. health situation has been studied and resoundingly...



"The government has to assume that every doctor in the plan is a good doctor and therefore worth waiting for..."

"Is there any cure for waiting for a doctor?" "Not under the government plan..."

German TV War Heats Up

BONN — A new commercial television station that hopes to lure German teenagers away from American and British music videos...

The idea for Viva came from a consortium of music video producers in Hamburg...

Novelist Spark: Cross Her at Your Peril

By David Streitfeld

NEW YORK — Just because she's a legend in literary circles, Muriel Spark says, that doesn't mean she's got to keep her mouth shut when people betray her...

become Republican or... They haven't absorbed the people who've come in. They're racist. One's best friends come out with the most racist remarks...



A novelist on the watch? "All the time," she says. "Looking and listening."

Back in London with her toddler, Spark took a job helping disseminate fake news stories to undermine the Germans...

"It's a question of good manners," she says. "I don't think you should inflict too much..."

Stannard says. "If people find that they don't know what to make of her, that's only because she's ahead of her time..."

PEOPLE

16 Years After Elvis 'Left,' Fans Still Come

The King "left the building" 16 years ago, but adoring fans keep showing up on the anniversary of Elvis Presley's death at Graceland...

Princess Diana wants an early divorce from Prince Charles, the Mail on Sunday said in a front-page report by Nigel Dempster...

A court order in hand, Woody Allen visited his five-year-old son Sashel in Ireland where the boy's mother Mia Farrow is making a movie...

Clint Eastwood, Michael Jordan, Tim Allen and Garth Brooks are America's favorites, according to a poll by American Idol...

Since Ireland granted Jean Kennedy Smith, 65, the American ambassador, the right to a private quarantine center at her Dublin residence...

INTERNATIONAL CLASSIFIED

Appears on Pages 4 & 8

WEATHER

Table with weather forecasts for Europe, including High, Low, Wind, and Precipitation.



Forecast for Wednesday through Friday, as provided by Accu-Weather. Tropical Storm Cindy is expected to be moving through the southern Bahamas Wednesday...

Table with weather forecasts for Asia, including High, Low, Wind, and Precipitation.

Heavy rains are possible across Taiwan and the central and southern parts of the Philippines...

Table with weather forecasts for Africa, including High, Low, Wind, and Precipitation.

Heavy rains are possible across the central and southern parts of the continent...

Table with weather forecasts for Latin America, including High, Low, Wind, and Precipitation.

Heavy rains are possible across the central and southern parts of the continent...

CROSSWORD

Crossword puzzle grid with clues for Across and Down.

Additional crossword puzzle grid with clues.

If you're going to travel all over the map, here's how to call from almost any point on it.



Table titled 'AT&T Access Numbers' listing international dialing codes for various countries.

AT&T puts the world at your fingertips. Just dial the AT&T access number of the country you're calling...